



LEBANON, OREGON

Annual Financial Report

June 30, 2018

UMPQUA VALLEY FINANCIAL, LLC

CITY OF LEBANON

925 Main Street
Lebanon, Oregon 97355
(541) 258-4214

CITY OFFICIALS

PAUL AZIZ Mayor
925 Main Street, Lebanon, OR 97355

BOB ELLIOT. Council President
925 Main Street, Lebanon, OR 97355

WAYNE RIESKAMP Council Member
925 Main Street, Lebanon, OR 97355

FLOYD FISHER Council Member
925 Main Street, Lebanon, OR 97355

JASON BOLEN. Council Member
925 Main Street, Lebanon, OR 97355

REBECCA GRIZZLE Council Member
925 Main Street, Lebanon, OR 97355

ROBERT FURLOW. Council Member
925 Main Street, Lebanon, OR 97355

KARIN STANDER Council Member elected 1/1/19
925 Main Street, Lebanon, OR 97355

MICHELLE STEINHEBEL Council Member elected 1/1/19
925 Main Street, Lebanon, OR 97355

CITY ADMINISTRATION

GARY MARKS City Manager
925 Main Street, Lebanon, OR 97355

MATT APKEN Finance Director
925 Main Street, Lebanon, OR 97355

CITY OF LEBANON
ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1a – 1c
MANAGEMENT’S DISCUSSION AND ANALYSIS	2 - 14
 BASIC FINANCIAL STATEMENTS:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	15
Statement of Activities	16
 <u>Governmental Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	20
 <u>Proprietary Fund Financial Statements:</u>	
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
 <u>Fiduciary Fund</u>	
Statement of Fiduciary Net Position	24
 <u>Notes to the Basic Financial Statements</u>	25 - 62
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	63
SDC – Street Improvements Fund	64
Northwest Urban Renewal District Fund	65
Cheadle Lake Urban Renewal District Fund	66
North Gateway Urban Renewal District Fund	67
Schedule of Proportionate Share of the Net Pension Liability	68
Schedule of Employer Contributions	69
Schedule of Proportionate Share of the Net OPEB (RHIA) Liability	70
Schedule of Employer Contributions OPEB (RHIA)	71

CITY OF LEBANON
ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS (CONT.)

	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION:	
<u>Proprietary Funds:</u>	
<u>Water Funds:</u>	
Combining Statement of Net Position.	72
Combining Statement of Revenues, Expenses and Changes in Net Position.	73
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual	
Water Utility Fund.	74
Water Improvements Fund	75
Water Reimbursement Fund	76
<u>Wastewater Funds:</u>	
Combining Statement of Net Position.	77
Combining Statement of Revenues, Expenses and Changes in Net Position.	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual	
Wastewater Utility Fund	79
Wastewater Improvements Fund	80
Wastewater Reimbursement Fund	81
<u>Storm Drain Funds:</u>	
Combining Statement of Net Position.	82
Combining Statement of Revenues, Expenses and Changes in Net Position.	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual	
Storm Drain Utility Fund	84
Drainage Improvements Fund	85
Drainage Reimbursement Fund	86
<u>Non-Major Special Revenue Funds:</u>	
Combining Balance Sheet.	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual	
Motel Tax Fund	89
Youth Court Fund	90
Police Reserves Fund	91
Building Inspection Fund	92
Park Enterprise Fund	93
Parks Grant Fund	94
GIS Fund	95

CITY OF LEBANON
ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS (CONT.)

	<u>PAGE</u>
<u>Non-Major Special Revenue Funds: (Cont.)</u>	
Info System Service Fund	96
Custodial & Maint Services Fund	97
State Foot & Bike Path Fund	98
Eng Development Review Fund	99
Street Maintenance Fund	100
Equitable Sharing (US Marshal) Fund	101
School Resource Officer Fund	102
Dial-A-Bus Fund	103
STP Street Project Fund	104
Boat Ramps Fund	105
 <u>Debt Service Funds:</u>	
Combining Balance Sheet.	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual –	
G.O. Full Faith & Credit Bond Fund	108
2013 Full Faith & Credit Bond Fund	109
Pension Bond Series 2002 Fund	110
 <u>Capital Projects Funds:</u>	
Combining Balance Sheet.	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	112
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual –	
State Hwy Signal Maint Fund.	113
Equipment Acquisition & Replacement Fund	114
Pioneer Cemetery Restoration Trust Fund	115
Police Trust Fund.	116
Library Trust Fund	117
Library Building Trust Fund	118
Senior Services Trust Fund	119
Snedaker Trust Fund	120
Streets Capital Projects Fund	121
Infrastructure Deferral Fund	122
SDC-Parks Improvement Fund	123
SDC- Parks Reimbursement Fund	124
SDC- Street Reimbursement Fund	125

CITY OF LEBANON
ANNUAL FINANCIAL REPORT
JUNE 30, 2018

TABLE OF CONTENTS (CONT.)

	<u>PAGE</u>
<u>Trust & Agency Fund:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Bail Fund	126
 <u>Additional Supporting Schedules:</u>	
Schedule of Long-Term Debt Transactions & Future Requirements . . .	127 - 142
 ACCOMPANYING INFORMATION:	
Independent Auditor’s Report Required by Oregon State Regulations . . .	143
 SINGLE AUDIT SECTION:	
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	144
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	145 - 146
Schedule of Expenditures of Federal Awards	147
Notes to the Schedule of Expenditures of Federal Awards	148
Schedule of Findings and Questioned Costs	149



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Lebanon
925 S Main Street
Lebanon, OR 97355

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lebanon as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lebanon as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in the Restatement of Beginning Net Position and Fund Balance Note on page 62, the City restated the beginning Net Position as of July 1, 2017, in the amount of \$3,373,124.

The prior period adjustments decrease the July 1, 2017 Net Position for Governmental Activities by \$467,740 creating a restated beginning Net Position of \$6,772,723, and increase the July 1, 2017 Net Position for Business-type Activities by \$3,840,864 to an amount of \$49,293,710.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-14, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 63-67, and pension and OPEB schedules on pages 67-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis and pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 63-67 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lebanon's basic financial statements. The other supplementary information on pages 72-142 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Lebanon. The schedule of expenditures of federal awards on page 147 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

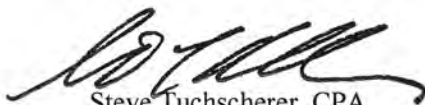
The other supplementary information on pages 72-142 and the schedule of expenditures of federal awards on page 147 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued our report dated April 2, 2019, on our consideration of the City of Lebanon’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lebanon’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated April 2, 2019, on our consideration of the City of Lebanon’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the City’s compliance.


Steve Tuchscherer, CPA
April 2, 2019

MANAGEMENT'S

DISCUSSION

AND ANALYSIS

CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

The management discussion and analysis of the City of Lebanon, Oregon (the City) financial performance provides an overview of the City's financial activities for the fiscal year that ended June 30, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- Prior period adjustments are reported as restatement of beginning net position to correct amounts identified in the Restatement of Beginning Net Position and Fund Balance Note on page 62.
- The City's net position increased by \$8,503,084 which represents a 16.1 percent increase from the previous year, which includes the prior period adjustments. The prior year net position has been restated by a total of \$3,373,124.
- Total revenue for the City was \$29,195,907. That is a 2.7 percent increase from the previous year. General revenues accounted for \$13,768,952 of revenue, or 47.2 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$14,342,264 or 49.1 percent of total revenues. Operating grants received a total \$3,678. Capital grants received this year were \$1,081,013 or 3.7 percent of total revenues.
- The City had \$24,065,948 in program expenses. Of the program expenses, \$2,726,011 was for providing water service, \$3,730,750 was for providing wastewater service, and \$40,688 was for providing storm drain service.
- The City's long-term liabilities increased \$13,302,986, a 23.6 percent increase from the previous year largely due to additions for project loans.
- Among the governmental funds, the General Fund had \$8,529,170 in revenues, which primarily consisted of property taxes and franchise taxes. The SDC – Street Improvements Fund had \$339,612 in revenues, which primarily consisted of fees and charges. The Northwest Lebanon Urban Renewal District had \$1,751,977 in revenues, which primarily consisted of property taxes. The Cheadle Lake Urban Renewal District had \$387,077 in revenues, which primarily consisted of property taxes. The North Gateway Urban Renewal District had \$834,517 in revenues, which primarily consisted of property taxes. These amounts do not include other financing sources of loan proceeds or interfund transfers in.
- Among proprietary funds, the Water Fund had \$5,398,022 in operating revenues, which primarily consisted of user fees. The Wastewater Fund had \$5,896,849 in operating revenues, which primarily consisted of user fees. The Storm Drain Fund had \$482,477 in operating revenues, which primarily consisted of user fees.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as the condition of buildings, and water and wastewater systems facilities.

The second government-wide statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions of the City that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues. The governmental activities of the City include general government activities, public safety, public works, culture and recreation and community planning and development. The proprietary activities of the City include water, wastewater, and storm drain services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The City reports two types of funds:

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison schedules are included in the basic financial statements for the General Fund, SDC – Street Improvements Fund, Northwest Urban Renewal District, Cheadle Lake Urban Renewal District, and North Gateway Urban Renewal District. Budgetary comparison schedules for the other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund - enterprise funds. The City uses enterprise funds to account for water, wastewater, and storm drain operations. The proprietary fund financial statements provide separate information for the Water Fund, Wastewater Fund, and Storm Drain Fund. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the SDC – Street Improvements Fund, the Northwest Urban Renewal District, the Cheadle Lake Urban Renewal District, and the North Gateway Urban Renewal District. The required supplementary information immediately follows the notes to the financial statements.

Other supplementary information includes individual fund statements and schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the City as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The City's net position at fiscal year-end is \$61,196,392 this is an increase of \$8,503,084 or 16% per the originally reported amounts from prior year on the Statement of Net Position.

A significant portion of the City's net position (70.1 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, improvements other than buildings, vehicles, and machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

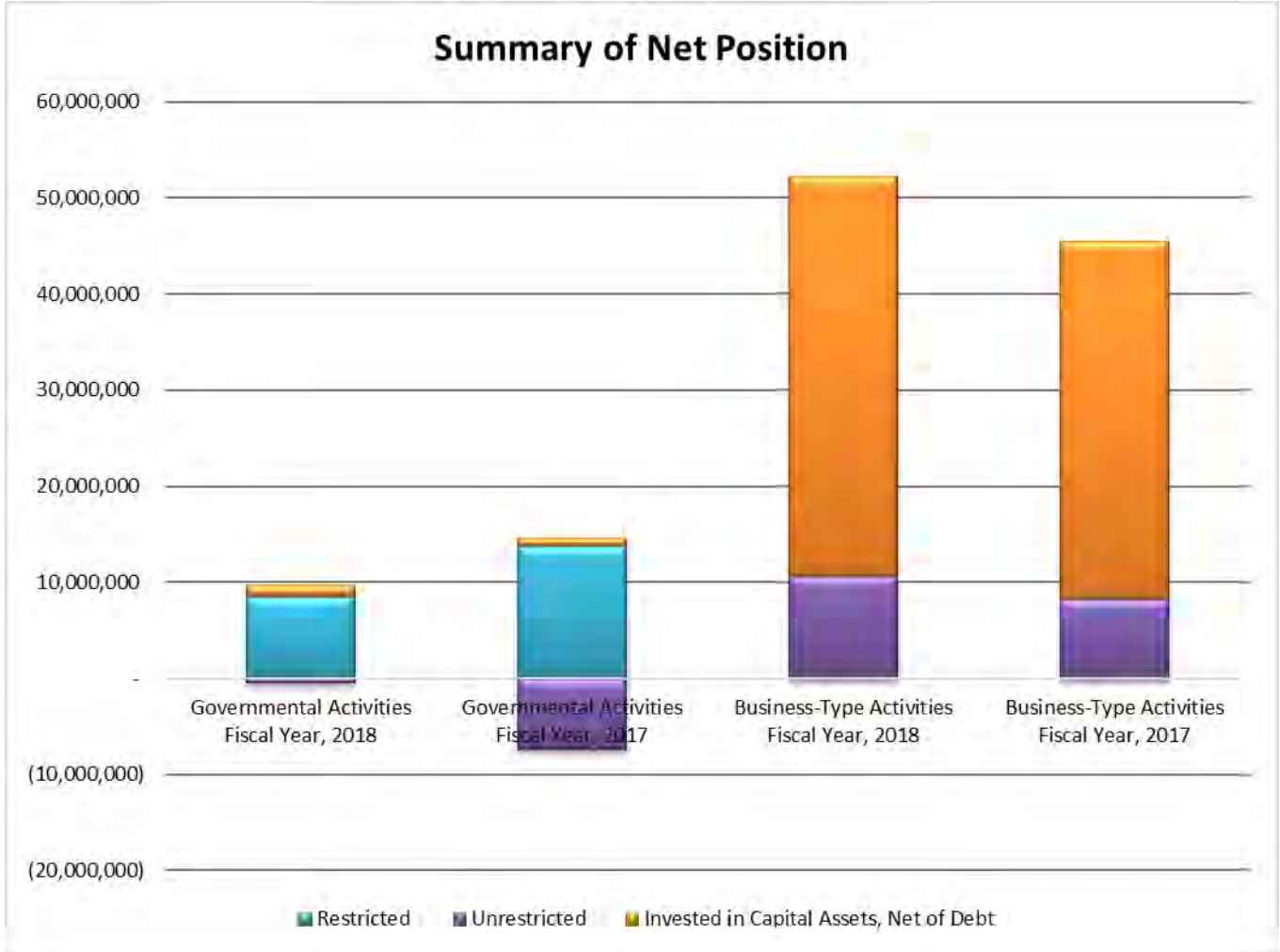
CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

The following table provides a summary of the City's net position for the current and prior year.

	<u>Summary of Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
		As Originally Reported		As Originally Reported		As Originally Reported
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 16,738,858	\$ 16,484,879	\$ 15,438,465	\$ 9,064,385	\$ 32,177,323	\$ 25,549,264
Capital Assets	34,588,735	33,668,440	70,228,952	49,881,178	104,817,687	83,549,618
Total Assets	51,327,593	50,153,319	85,667,417	58,945,563	136,995,010	109,098,882
Deferred Outflow of Resources	2,825,944	4,776,426	249,454	280,906	3,075,398	5,057,332
Liabilities						
Current Liabilities	3,345,225	2,850,706	5,354,804	1,579,625	8,700,029	4,430,331
Long-Term Liabilities	41,367,505	44,193,831	28,285,391	12,156,079	69,652,896	56,349,910
Total Liabilities	44,712,730	47,044,537	33,640,195	13,735,704	78,352,925	60,780,241
Deferred Inflow of Resources	478,824	644,748	42,267	37,918	521,091	682,666
Net Position						
Net Investment in Capital Assets	1,253,407	952,577	41,668,611	37,208,184	42,922,018	38,160,761
Restricted	9,080,170	13,693,585	-	-	9,080,170	13,693,585
Unrestricted	(1,371,594)	(7,405,699)	10,565,798	8,244,661	9,194,204	838,962
Total Net Position - As Originally Reported for Prior Year	<u>\$ 8,961,983</u>	<u>\$ 7,240,463</u>	<u>\$ 52,234,409</u>	<u>\$ 45,452,845</u>	<u>\$ 61,196,392</u>	<u>\$ 52,693,308</u>

CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

See the chart below to gain an understanding of the City's actual financial position and how each component relates to the activities performed.



CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Changes in net position - The City's total revenues for the fiscal year ended June 30, 2018 were \$29,195,907. The total cost of all programs and services was \$24,065,948. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	As Originally Reported 2017-18	As Originally Reported 2016-17	As Originally Reported 2017-18	As Originally Reported 2016-17	As Originally Reported 2017-18	As Originally Reported 2016-17
Revenues						
Program Revenues						
Charges for Services	\$ 2,564,916	\$ 2,575,535	\$ 11,777,348	\$ 11,794,014	\$14,342,264	\$ 14,369,549
Operating Grants and Contributions	3,678	328,038	-	-	3,678	328,038
Capital Grants and Contributions	1,081,013	61,569	-	-	1,081,013	61,569
Total Program Revenues	3,649,607	2,965,142	11,777,348	11,794,014	15,426,955	14,759,156
General Revenues						
Local Sources						
Property Taxes, Franchise Fees, & Public Service Taxes	13,173,835	13,040,546	-	-	13,173,835	13,040,546
Interest & Investment Earnings	271,060	180,379	134,875	121,240	405,935	301,619
Other Revenues	189,182	325,647	-	-	189,182	325,647
Total General Revenues	13,634,077	13,546,572	134,875	121,240	13,768,952	13,667,812
Total Revenues	17,283,684	16,511,714	11,912,223	11,915,254	29,195,907	28,426,968
Program Expenses						
General Government	4,342,450	4,421,484	-	-	4,342,450	4,421,484
Public Safety	6,415,641	5,129,853	-	-	6,415,641	5,129,853
Public Works	767,327	703,860	-	-	767,327	703,860
Culture and Recreation	1,826,698	1,634,994	-	-	1,826,698	1,634,994
Community Planning & Development	1,460,808	1,584,953	-	-	1,460,808	1,584,953
Urban Renewal Projects	1,421,388	-	-	-	1,421,388	-
Interest on Long-Term Debt	1,334,187	1,322,439	-	-	1,334,187	1,322,439
Utility Services						
Water Utilities	-	-	2,726,011	2,437,650	2,726,011	2,437,650
Wastewater Utilities	-	-	3,730,750	3,184,497	3,730,750	3,184,497
Storm Drainage	-	-	40,688	124,393	40,688	124,393
Total Program Expenses	17,568,499	14,797,583	6,497,449	5,746,540	24,065,948	20,544,123
Transfers	3,392,071	2,506,177	(3,392,071)	(2,506,177)	-	-
Prior Period Adjustment	-	963,450	-	(2,314,377)	-	(1,350,927)
Change in Net Position	<u>\$ 2,189,260</u>	<u>\$ 5,183,758</u>	<u>\$ 2,940,699</u>	<u>\$ 1,348,160</u>	<u>\$ 5,129,959</u>	<u>\$ 6,531,918</u>

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the six major functional activities of the City. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

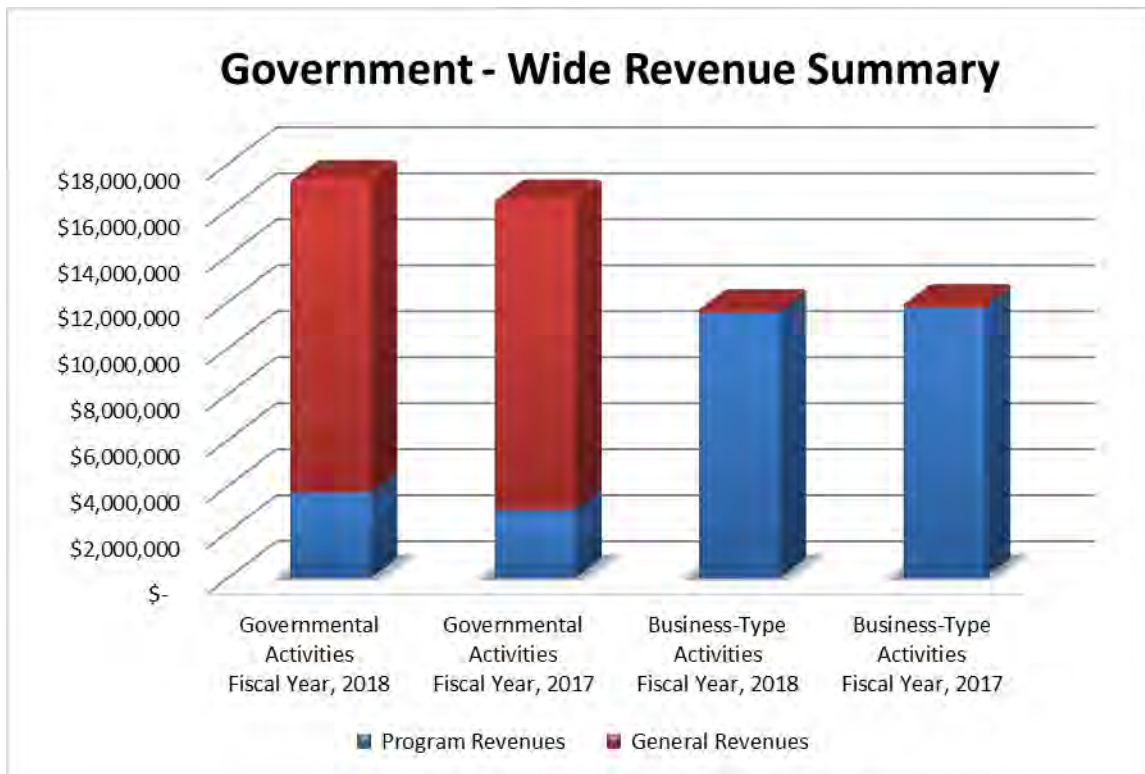
CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Governmental Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>
General Government	\$ 4,342,450	\$ 4,421,484	\$ (3,342,740)	\$ (3,935,586)
Public Safety	6,415,641	5,129,853	(6,045,718)	(4,641,943)
Public Works	767,327	703,860	(410,008)	(366,922)
Culture and Recreation	1,826,698	1,634,994	(1,108,507)	(1,234,869)
Community Planning & Development	1,460,808	1,584,953	(256,344)	(330,681)
Urban Renewal Projects	1,421,388	-	(1,421,388)	-
Interest Expense	1,334,187	1,322,439	(1,334,187)	(1,322,439)
Total Program Expenses	<u>\$17,568,499</u>	<u>\$14,797,583</u>	<u>\$(13,918,892)</u>	<u>\$(11,832,441)</u>

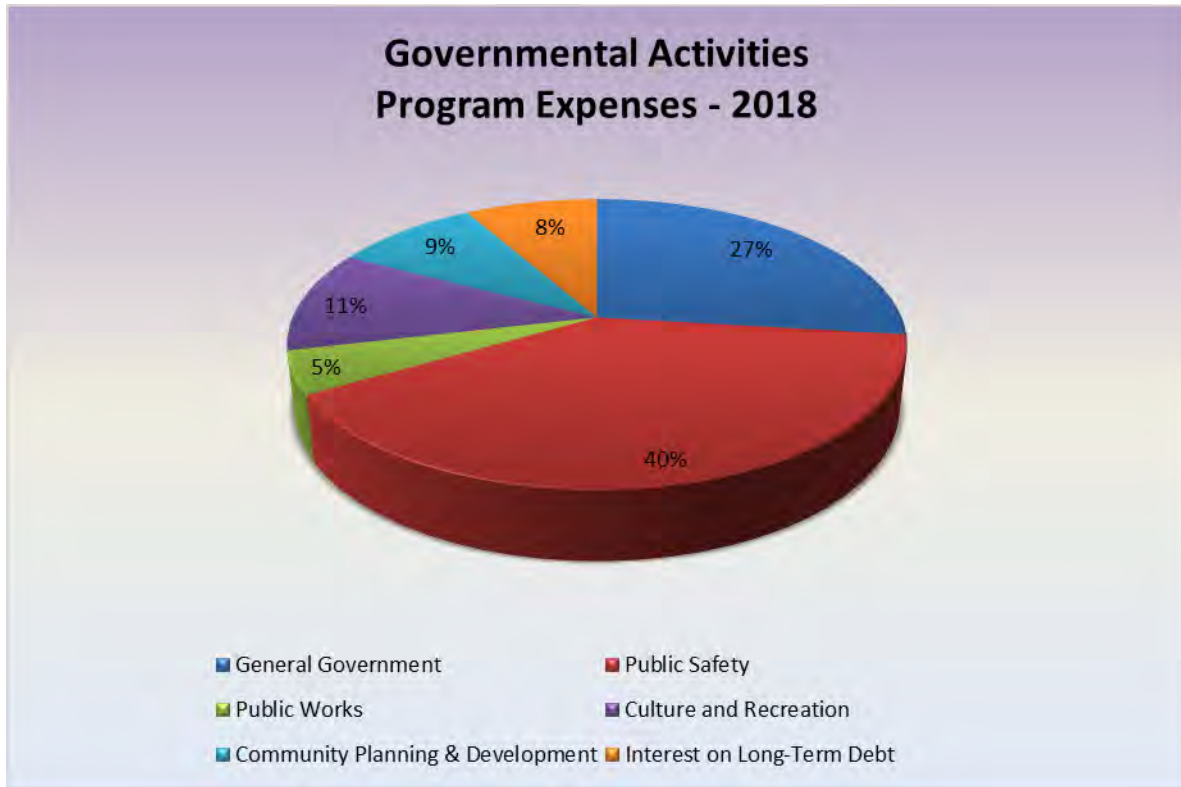
The dependence on general revenues for general government activities is apparent. For 2017-18, 79 percent of general government activities are supported through general revenues

The following chart analyzes the revenue between governmental activities and business-type activities from prior to current year.



CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

This graph represents the cost of the City's Program expenses by governmental activities.



CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Business-Type Activities

	<u>Total Cost of Services</u>		<u>Net (Cost) Profit of Services</u>	
	<u>2017-18</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2016-17</u>
Water Utilities	\$ 2,726,011	\$ 2,437,650	\$ 2,672,011	\$ 2,919,139
Wastewater Utilities	3,730,750	3,184,497	2,166,099	2,775,462
Storm Drain Utilities	40,688	124,393	441,789	352,875
Total Program Expenses	<u>\$ 6,497,449</u>	<u>\$ 5,746,540</u>	<u>\$ 5,279,899</u>	<u>\$ 6,047,476</u>

Business type activities increased the City's net position by approximately \$2,940,699 not including adjustments to prior period.

This graph represents the cost of the City's Program expenses by business-type activities.



CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

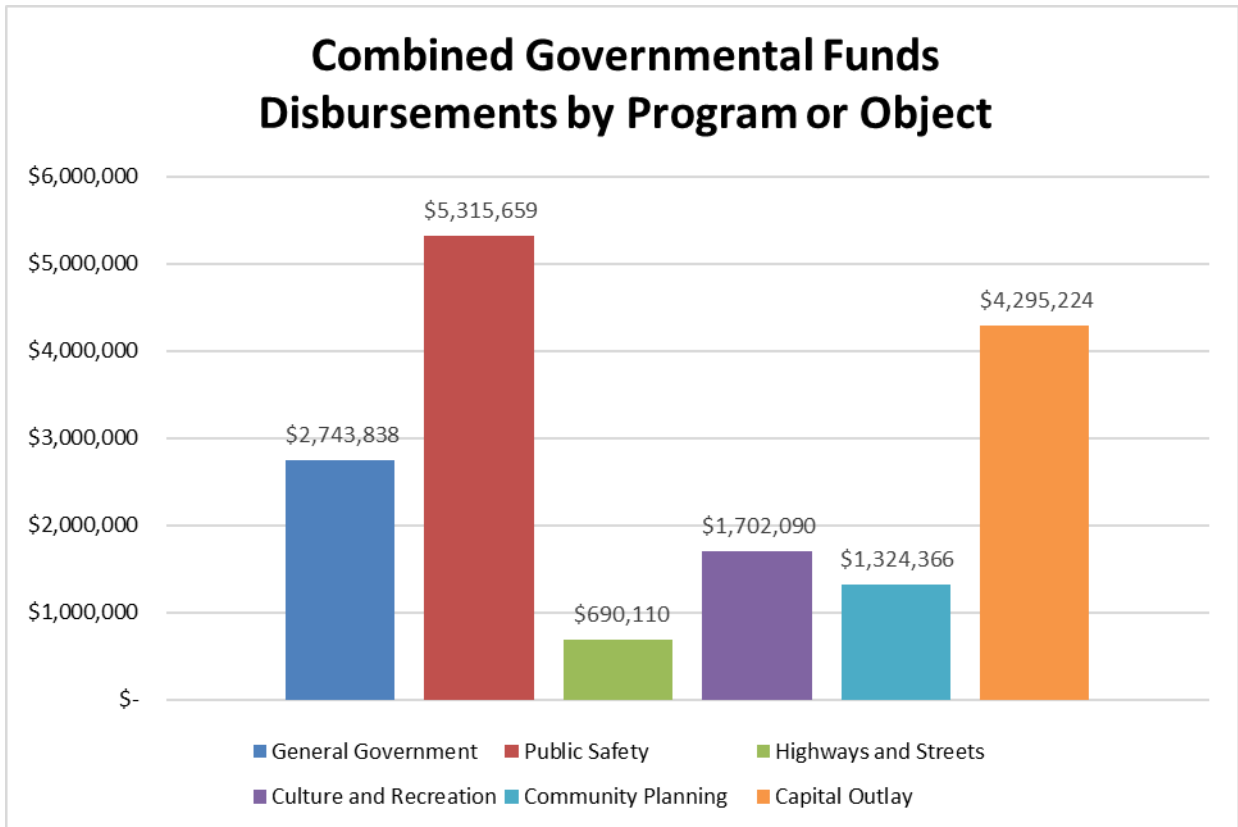
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$14,435,934, a decrease of \$868,324 not including adjustments to prior period. The fund balance constitutes restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$273,866 is restricted for debt service, \$5,441,138 is restricted for capital projects, \$3,365,166 is restricted for urban renewal projects, \$1,890,083 is committed, and \$3,465,681 is unassigned and available for spending at the City's discretion.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,526,750, an increase of \$854,476 not including prior period adjustments to fund balance.

Following is a comparison of current expenditures by program of the governmental funds.

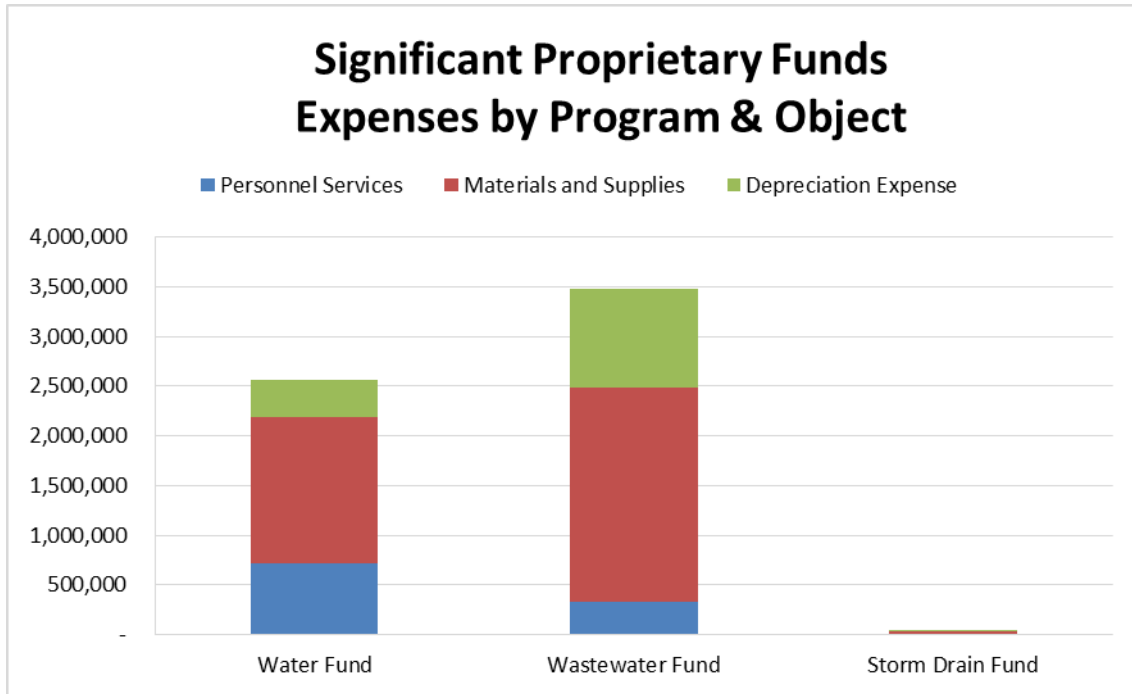


CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Proprietary Funds

The City's enterprise funds reported unrestricted net position of \$10,565,798 and \$41,668,611 in net investment in capital assets, an increase of \$2,940,699 from the restated beginning net position.

Following is a comparison of current expenses by program of the proprietary funds.



Budgetary Highlights

General Fund resources were budgeted and anticipated to be collected in the amount of \$10,898,821 during the fiscal year. Actual resources of \$12,700,705 were available, \$1,801,884 more than budgeted. General Fund expenditures budget was under-spent by \$1,252,591. The ending fund balance was greater than what was budgeted by \$3,526,749 and greater than the prior year by \$854,475 not including prior period adjustments.

The Water & Wastewater Fund balance increased during the fiscal year while the Storm Drain Fund balance decreased. The Water Fund, Wastewater Fund and Storm Drain Fund remained within the expenditure budgets in all appropriation areas. The Water Fund's actual resources were less than budgeted by \$2,182,043 largely due to less grants and contributions received than anticipated. The Wastewater Fund's actual resources were more than budgeted by \$368,955. The Storm Drain Fund's actual resources were more than budgeted by \$17,486.

CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had invested, before net reduction for accumulated depreciation, \$188,428,171 in capital assets, including buildings, land, vehicles, water, wastewater, and storm drain utility systems, construction in progress and other equipment. This amount represents an increase of \$20,447,707 from the prior year restated amounts due to net additions in the governmental funds of \$2,873,836 and in the enterprise funds of \$17,573,871.

Total depreciation expense for the year was \$2,785,713; of which \$1,414,874 is associated with general government activities, \$377,857 from water utilities, \$987,424 from wastewater utilities, and \$5,558 from storm drain utilities. Additional information on the City's capital assets can be found in the Capital Asset Note of the Notes to the Basic Financial Statements section of this report.

Long-Term Debt

At June 30, 2018 the City had total long-term debt outstanding of \$61,895,669. This amount is comprised of debt backed by general obligation bonds, revenue bonds, notes and loans payable. Two notes were refunded during the current year in the amount of \$3,332,295. Principal payments made during the current fiscal year were \$7,314,065. Interest paid on the debt amounted to \$1,920,501. The City also added \$17,160,631 to long term debt for the 2017-18 fiscal year for financing of the special public works fund development project and the safe drinking water loan. Additional information on the City's long-term debt can be found in Long-Term Debt Note of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time of these financial statements were prepared and audited, the City was aware of the following circumstances that could affect its future financial health:

- Overall increase in City staffing of 5.7 FTE as compared to the Adopted FY2017/18 Budget. The adopted budget anticipates 6.7 additional FTE's.; 1 in the Police department, 3 in the Maintenance department, 1 in the IT department, 1 in the Community Development department, .5 in the Senior Services department and .2 in the Dial a Bus fund as a dispatcher. The Engineering department is also not replacing one position vacated during the prior fiscal year.
- The overall City budget is 21.47% less than FY 2017/18. The decrease is due to capital projects coming to an end, as construction of the new Water Treatment Plant is in its final stages.
- The General Fund is up \$820,924 or 6.27 percent.
- Citywide contingencies are up 8.13 percent or \$416,172 from \$5,121,641 to \$5,537,813. The General Fund contingency is up 26.88 percent, from \$1,394,130 to \$1,768,807, meeting the targeted goal of 19%.
- Funds continue to be set aside for future water and wastewater improvements.
- Operation of the new water treatment plant should begin in December 2018.
- Airport Rd/Russell Drive and Porter Park projects are ongoing into FY 2018/19
- Northwest URD will continue to be underfunded this year by approximately \$1,000,000. This will allow these property taxes to be distributed to the other taxing districts in the area.

With the exceptions noted above, operating costs of both governmental activities and business-type activities are expected to be similar to those of the 2017-18 period.

CITY OF LEBANON
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

The table below shows the overall changes in the budget from the prior year.

	<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>% Change</u>
City Budget	\$ 69,751,127	\$ 54,774,213	-21.47%
Urban Renewal	<u>7,878,500</u>	<u>5,658,658</u>	-28.18%
Total Budgets	77,629,627	60,432,871	-22.15%
Inter-fund Transfers	<u>7,358,562</u>	<u>6,756,408</u>	-8.18%
Effective Total Budgets	<u><u>70,271,065</u></u>	<u><u>53,676,463</u></u>	-23.62%

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives.

If you have any questions about this report or need additional information, contact the City of Lebanon City Hall at 925 S. Main Street, Lebanon, Oregon 97355.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

CITY OF LEBANON
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Investments	\$ 14,081,473	\$ 10,475,936	\$ 24,557,409
Accounts Receivable	1,305,672	1,521,742	2,827,414
Court Fines Receivable, Net	210,848	-	210,848
Property Taxes Receivable	907,379	5,666	913,045
Loan Proceeds Receivable	-	3,430,759	3,430,759
Due From Other Funds	14,114	-	14,114
Prepaid Expenses & Other Assets	20,000	2,292	22,292
Total Current Assets	16,539,486	15,436,395	31,975,881
Restricted Assets:			
Restricted Cash - Debt Service	175,923	-	175,923
Net OPEB Asset (RHIA)	23,449	2,070	25,519
Total Restricted Assets	199,372	2,070	201,442
Capital Assets Not Being Depreciated	3,036,523	27,916,250	30,952,773
Capital Assets, net of Accumulated Depreciation	31,552,212	42,312,702	73,864,914
Total Assets	51,327,593	85,667,417	136,995,010
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Pension Related Deferrals	2,799,936	247,158	3,047,094
OPEB Related Deferrals - RHIA	26,008	2,296	28,304
Total Deferred Outflow of Resources	2,825,944	249,454	3,075,398
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	322,198	3,743,142	4,065,340
Payroll Liabilities	127,628	-	127,628
Interest Payable	212,798	64,232	277,030
Deposit Payable	145	224,240	224,385
Due To Other Funds	14,114	-	14,114
Compensated Absences, Current Portion	146,397	8,630	155,027
Long-Term Liabilities, Current Portion	2,521,945	1,314,560	3,836,505
Total Current Liabilities	3,345,225	5,354,804	8,700,029
Long-Term Liabilities:			
Long-Term Liabilities, Less Current Portion	30,813,383	6,229,727	37,043,110
Compensated Absences, Less Current Portion	439,190	25,888	465,078
Interim Construction Financing	-	21,016,054	21,016,054
Bond Premium, Net	1,754,123	275,688	2,029,811
Net Pension Liability	7,639,853	674,393	8,314,246
Net OPEB Obligation - CIS	720,956	63,641	784,597
Total Long-Term Liabilities	41,367,505	28,285,391	69,652,896
Total Liabilities	44,712,730	33,640,195	78,352,925
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Earnings on Pension Assets	467,964	41,308	509,272
OPEB Related Deferrals - RHIA	10,860	959	11,819
Total Deferred Inflow of Resources	478,824	42,267	521,091
<u>NET POSITION:</u>			
Net Investment in Capital Assets	1,253,407	41,668,611	42,922,018
Restricted for:			
Debt Service	273,866	-	273,866
Capital Projects	5,441,138	-	5,441,138
Urban Renewal Projects	3,365,166	-	3,365,166
Unrestricted	(1,371,594)	10,565,798	9,194,204
Total Net Position	\$ 8,961,983	\$ 52,234,409	\$ 61,196,392

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF LEBANON

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Government	\$ 4,342,450	\$ 996,032	\$ 3,678	\$ -	\$ (3,342,740)
Public Safety	6,415,641	369,923	-	-	(6,045,718)
Public Works	767,327	357,319	-	-	(410,008)
Culture and Recreation	1,826,698	718,191	-	-	(1,108,507)
Community Planning & Development	1,460,808	123,451	-	1,081,013	(256,344)
Urban Renewal Projects	1,421,388	-	-	-	(1,421,388)
Interest Expense and Loan Fees	1,334,187	-	-	-	(1,334,187)
Total Governmental Activities	17,568,499	2,564,916	3,678	1,081,013	(13,918,892)
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Utilities	2,726,011	5,398,022	-	-	2,672,011
Wastewater Utilities	3,730,750	5,896,849	-	-	2,166,099
Storm Drain Utilities	40,688	482,477	-	-	441,789
Total Business-type Activities	6,497,449	11,777,348	-	-	5,279,899
Total Primary Government	\$ 24,065,948	\$ 14,342,264	\$ 3,678	\$ 1,081,013	\$ (8,638,993)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>CHANGES IN NET POSITION:</u>			
Net (expense) revenue	\$ (13,918,892)	\$ 5,279,899	\$ (8,638,993)
General Revenues:			
Property Taxes	9,160,431	-	9,160,431
Intergovernmental Tax Turnovers	1,648,918	-	1,648,918
Franchise Taxes	2,198,381	-	2,198,381
Other Taxes and Assessments	166,105	-	166,105
Investment Earnings	271,060	134,875	405,935
Other Revenue	189,182	-	189,182
Subtotal - General Revenues	13,634,077	134,875	13,768,952
Interfund Transfers	3,392,071	(3,392,071)	-
Equity Transfers	(917,996)	917,996	-
Total General Revenues, Special Items, and Transfers	16,108,152	(2,339,200)	13,768,952
Change in Net Position	2,189,260	2,940,699	5,129,959
Beginning Net Position - As Restated	6,772,723	49,293,710	56,066,434
Ending Net Position	\$ 8,961,983	\$ 52,234,409	\$ 61,196,393

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Governmental Fund
Financial Statements

CITY OF LEBANON

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2018

	Component Units							Total Governmental Funds
	General Fund	SDC - Street Improvements Fund	Northwest Lebanon Urban Renewal District	Cheadle Lake Urban Renewal District	North Gateway Urban Renewal District	Other Governmental Funds		
ASSETS:								
Cash and Investments	\$ 3,361,808	\$ 2,230,576	\$ 1,798,560	\$ 813,110	\$ 557,263	\$ 5,320,156	\$ 14,081,473	
Restricted Cash - Debt Service	-	-	-	175,923	-	-	175,923	
Accounts Receivable	293,199	635,182	3,927	624	1,408	371,332	1,305,672	
Court Fines Receivable, Net	210,848	-	-	-	-	-	210,848	
Property Taxes Receivable	442,759	-	226,689	33,607	55,453	148,871	907,379	
Due From Other Funds	14,114	-	-	-	-	-	14,114	
Prepaid Expenses & Other Assets	20,000	-	-	-	-	-	20,000	
Total Assets	\$ 4,342,728	\$ 2,865,758	\$ 2,029,176	\$ 1,023,264	\$ 614,124	\$ 5,840,359	\$ 16,715,409	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
LIABILITIES:								
Accounts Payable	\$ 59,610	\$ -	\$ -	\$ -	\$ -	\$ 262,588	\$ 322,198	
Payroll Liabilities	127,628	-	-	-	-	-	127,628	
Deposit Payable	-	-	-	-	-	145	145	
Due To Other Funds	-	-	-	-	-	14,114	14,114	
Total Liabilities	187,238	-	-	-	-	276,847	464,085	
DEFERRED INFLOWS OF RESOURCES:								
Unavailable Revenue - Property Taxes	422,342	-	217,113	31,959	52,326	142,318	866,058	
Unavailable Revenue - Court Fines	206,398	-	-	-	-	-	206,398	
Unavailable Revenue - Bike Path	-	-	-	-	-	1,533	1,533	
Unavailable Revenue - Special Assessments	-	635,182	-	-	-	106,219	741,401	
Total Deferred Inflows of Resources	628,740	635,182	217,113	31,959	52,326	250,070	1,815,390	
FUND BALANCES:								
Restricted for:								
Debt Service	-	-	-	-	-	273,866	273,866	
Capital Projects	-	2,230,576	-	-	-	3,210,562	5,441,138	
Urban Renewal Projects	-	-	1,812,063	991,305	561,798	-	3,365,166	
Committed for:								
Community Development Projects	-	-	-	-	-	1,320,997	1,320,997	
Public Works	-	-	-	-	-	245,270	245,270	
Parks and Recreation Programs	-	-	-	-	-	323,816	323,816	
Unassigned	3,526,750	-	-	-	-	(61,069)	3,465,681	
Total Fund Balances	3,526,750	2,230,576	1,812,063	991,305	561,798	5,313,442	14,435,934	
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 4,342,728	\$ 2,865,758	\$ 2,029,176	\$ 1,023,264	\$ 614,124	\$ 5,840,359	\$ 16,715,409	

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF LEBANON

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Total Fund Balances - Governmental Funds \$ 14,435,934

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

The cost of the assets is -	\$ 96,573,373	
The accumulated depreciation is -	<u>(61,984,638)</u>	
Net Value of Assets		34,588,735

Certain receivables that will not be available to pay for current-period expenditures are deferred in the governmental funds:

Property Taxes	866,058	
Court Fines	206,398	
Bike Path	1,533	
Special Assessments	<u>741,401</u>	
		1,815,390

Net OPEB and pension assets/liabilities reported in governmental activities are not financial resources and therefore are not reported in the governmental funds. 23,449

Deferred inflows and outflows of pension and OPEB contributions and earnings are not reported in the governmental funds

Pension and OPEB Related Deferrals		2,347,120
------------------------------------	--	-----------

Interest Payable is not recorded in the governmental funds: (212,798)

Accrued Compensated Absences are not recorded in the governmental funds: (585,587)

Long-term liabilities, including notes payable and net pension and OPEB liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds. (43,450,260)

Net Position of Governmental Activities \$ 8,961,983

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF LEBANON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2018

	Component Units							Total Governmental Funds
	Northwest			Lebanon				
	General Fund	SDC - Street Improvements Fund	Urban Renewal District	Urban Renewal District	Cheadle Lake Urban Renewal District	North Gateway Urban Renewal District	Other Governmental Funds	
REVENUES:								
Property Taxes	\$4,842,356	-	\$ 1,716,975	\$ 366,623	\$ 821,698	-	-	\$ 9,222,278
Intergovernmental	499,012	-	-	-	-	-	-	1,648,918
Franchise Taxes	2,198,381	-	-	-	-	-	-	2,198,381
Marijuana Taxes	166,105	-	-	-	-	-	-	166,105
Transient Room Taxes	-	-	-	-	-	-	277,077	277,077
Fees and Charges	224,129	304,884	-	-	-	-	1,066,771	1,595,784
Fines and Forfeitures	441,914	-	-	-	-	-	-	441,914
Investment Earnings	74,578	34,728	35,002	20,454	12,819	-	93,479	271,060
Grants and Contributions	3,678	-	-	-	-	-	1,081,013	1,084,691
Miscellaneous Revenue	79,017	-	-	-	-	-	110,165	189,182
Total Revenues	8,529,170	339,612	1,751,977	387,077	834,517	5,253,037	17,095,390	
EXPENDITURES:								
Current Operating:								
General Government	1,791,472	-	-	-	-	952,366	2,743,838	
Public Safety	5,309,412	-	-	-	-	6,247	5,315,659	
Highways and Streets	-	-	-	-	-	690,110	690,110	
Culture and Recreation	1,255,256	-	-	-	-	446,834	1,702,090	
Community Planning	1,253,220	-	19,539	-	-	51,607	1,324,366	
Debt Service	1,332,538	-	3,201,157	351,846	221,712	3,417,876	8,525,129	
Capital Outlay	3,911	25,317	-	2,619,327	-	1,646,669	4,295,224	
Total Expenditures	10,945,809	25,317	3,220,696	2,971,173	221,712	7,211,709	24,596,416	
Excess (Deficiency) of Revenues Over Expenditures	(2,416,639)	314,295	(1,468,719)	(2,584,096)	612,805	(1,958,672)	(7,501,026)	
OTHER FINANCING SOURCES (USES):								
Interfund Transfers In	2,976,605	27,544	-	-	-	3,765,390	6,769,539	
Interfund Transfers Out	(900,420)	(8,391)	(977,393)	(133,759)	(709,603)	(1,165,592)	(3,895,158)	
Loan Proceeds	1,194,930	-	2,563,391	-	-	-	3,758,321	
Total Other Financing Sources (Uses)	3,271,115	19,153	1,585,998	(133,759)	(709,603)	2,599,798	6,632,702	
Net Change in Fund Balances	854,476	333,448	117,279	(2,717,855)	(96,798)	641,126	(868,324)	
Beginning Fund Balances - As Restated	2,672,274	1,897,128	1,694,784	3,709,160	658,596	4,672,316	15,304,258	
ENDING FUND BALANCES	\$3,526,750	\$ 2,230,576	\$ 1,812,063	\$ 991,305	\$ 561,798	\$ 5,313,442	\$14,435,934	

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF LEBANON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

Net Changes in Fund Balances - Total Governmental Funds \$ (868,324)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. Additions to Capital Assets includes \$361,008 expended by Samaritan Health Services for infrastructure. Those expenditures are added to long-term debt as payable to Samaritan in accordance with an agreement between the City and Samaritan.

Expenditures for capitalized assets	\$ 2,873,836	
Less assets acquired with contributed capital		
Less current year depreciation	<u>(1,414,874)</u>	
		1,458,962

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes	(61,847)	
Court Fines	(71,991)	
Bike Path	(1,959)	
Special Assessments	<u>324,091</u>	
		188,294

Interfund loan payments are included as interfund transfers in the fund financial statements, but decrease the asset or liability in the Statement of Net Position. 517,690

Additions to certain liabilities are reported as an expense in the Statement of Activities.

Compensated Absences	80,624	
Interest Payable	76,931	
Amortization of Debt Premium	<u>155,233</u>	
		312,788

Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Position (3,758,321)

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal		6,040,782
------------------------------	--	-----------

Adjustment for pension costs on accrued basis (1,702,611)

Change in Net Position of Governmental Activities	<u>\$ 2,189,260</u>
--	----------------------------

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Proprietary Fund
Financial Statements

CITY OF LEBANON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Enterprise Funds			Total Proprietary Funds
	Water Funds	WasteWater Funds	Storm Drain Funds	
<u>ASSETS:</u>				
Current Assets:				
Cash and Investments	\$ 5,918,231	\$ 3,988,890	\$ 568,815	\$ 10,475,936
Accounts Receivable	637,952	825,250	58,540	1,521,742
Property Taxes Receivable	-	5,666	-	5,666
Loan Proceeds Receivable	3,430,759	-	-	3,430,759
Prepaid Expenses & Other Assets	1,146	1,146	-	2,292
Total Current Assets	<u>9,988,088</u>	<u>4,820,952</u>	<u>627,355</u>	<u>15,436,395</u>
Restricted Assets:				
Net OPEB Asset (RHIA)	1,501	569	-	2,070
Total Restricted Assets	<u>1,501</u>	<u>569</u>	<u>-</u>	<u>2,070</u>
Capital Assets:				
Capital Assets Not Being Depreciated	26,061,264	1,745,036	109,950	27,916,250
Capital Assets, net of Accumulated Depreciation	11,632,687	30,403,586	276,429	42,312,702
Total Capital Assets	<u>37,693,951</u>	<u>32,148,622</u>	<u>386,379</u>	<u>70,228,952</u>
Total Assets	<u>47,683,540</u>	<u>36,970,143</u>	<u>1,013,734</u>	<u>85,667,417</u>
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Pension Related Deferrals - Outflows	179,211	67,947	-	247,158
OPEB Related Deferrals - RHIA	1,665	631	-	2,296
Total Deferred Outflow of Resources	<u>180,876</u>	<u>68,578</u>	<u>-</u>	<u>249,454</u>
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	3,579,335	141,292	22,515	3,743,142
Interest Payable	-	64,232	-	64,232
Deposit Payable	224,240	-	-	224,240
Compensated Absences, Current Portion	6,125	2,505	-	8,630
Long-Term Liabilities, Current Portion	215,000	1,099,560	-	1,314,560
Total Current Liabilities	<u>4,024,700</u>	<u>1,307,589</u>	<u>22,515</u>	<u>5,354,804</u>
Long-Term Liabilities:				
Long-Term Liabilities, Less Current Portion	680,000	5,549,727	-	6,229,727
Compensated Absences, Less Current Portion	18,374	7,514	-	25,888
Interim Construction Financing	21,016,054	-	-	21,016,054
Bond Premium, Net	-	275,688	-	275,688
Net Pension Liability	488,993	185,400	-	674,393
Net OPEB Obligation - CIS	46,145	17,496	-	63,641
Total Long-Term Liabilities	<u>22,249,566</u>	<u>6,035,825</u>	<u>-</u>	<u>28,285,391</u>
Total Liabilities	<u>26,274,266</u>	<u>7,343,414</u>	<u>22,515</u>	<u>33,640,195</u>
<u>DEFERRED INFLOW OF RESOURCES:</u>				
Pension Related Deferrals	29,952	11,356	-	41,308
OPEB Related Deferrals - RHIA	695	264	-	959
Total Deferred Inflow of Resources	<u>30,647</u>	<u>11,620</u>	<u>-</u>	<u>42,267</u>
<u>NET POSITION:</u>				
Net Investment in Capital Assets	15,782,897	25,499,335	386,379	41,668,611
Unrestricted	5,776,606	4,184,352	604,840	10,565,798
Total Net Position	<u>\$ 21,559,503</u>	<u>\$ 29,683,687</u>	<u>\$ 991,219</u>	<u>\$ 52,234,409</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF LEBANON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2018

	<u>Enterprise Funds</u>			<u>Total Proprietary Funds</u>
	<u>Water Fund</u>	<u>WasteWater Fund</u>	<u>Storm Drain Fund</u>	
<u>OPERATING REVENUES:</u>				
Fees and Charges	\$ 5,266,966	\$ 5,891,436	\$ 480,395	\$ 11,638,797
Miscellaneous Revenue	131,056	5,413	2,082	138,551
Total Operating Revenues	5,398,022	5,896,849	482,477	11,777,348
<u>OPERATING EXPENSES:</u>				
Personnel Services	717,782	325,108	-	1,042,890
Materials and Supplies	1,471,142	2,165,003	35,130	3,671,275
Depreciation	377,857	987,424	5,558	1,370,839
Total Operating Expenses	2,566,781	3,477,535	40,688	6,085,004
Operating Income (Loss)	2,831,241	2,419,314	441,789	5,692,344
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Investment Earnings	79,266	48,776	6,833	134,875
Interest and Fees	(159,230)	(253,215)	-	(412,445)
Total Non-Operating Revenues (Expenses)	(79,964)	(204,439)	6,833	(277,570)
Income Before Other Revenues, Expenses, and Transfers	2,751,277	2,214,875	448,622	5,414,774
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>				
Interfund Transfers In	4,806	62,544	-	67,350
Interfund Transfers Out	(1,409,934)	(1,770,093)	(279,394)	(3,459,421)
Total Capital Contributions and Transfers	(1,405,128)	(1,707,549)	(279,394)	(3,392,071)
Changes in Net Position	1,346,149	507,326	169,228	2,022,703
Beginning Net Position - As Restated	19,971,903	28,499,816	821,991	49,293,710
Equity Transfer	241,451	676,545	-	917,996
Ending Net Position	\$ 21,559,503	\$ 29,683,687	\$ 991,219	\$ 52,234,409

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF LEBANON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds			Total Proprietary Funds
	Water Fund	WasteWater Fund	Storm Drain Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash Received from User Charges	\$ 5,363,672	\$ 5,816,725	\$ 488,409	\$ 11,668,806
Cash Payments for Employee Services	(521,363)	(290,587)	-	(811,950)
Cash Payments to Suppliers & Service Providers	(1,397,283)	(2,043,825)	(13,429)	(3,454,537)
Net Cash Provided (Used) by Operating Activities	3,445,026	3,482,313	474,980	7,402,319
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>				
Deposits & Non-Operating Payables	3,425	-	-	3,425
Transfer from Other Funds	4,806	62,544	-	67,350
Transfer to Other Funds	(1,409,934)	(1,770,093)	(279,394)	(3,459,421)
Interfund Loan Repayment	57,350	408,475	51,865	517,690
Net Cash Provided (Used) by Non-capital Financing Activities	(1,344,353)	(1,299,074)	(227,529)	(2,870,956)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Proceeds from Long-Term Debt	13,729,871	-	-	13,729,871
Acquisition of Capital Assets	(13,172,032)	(911,130)	(59,950)	(14,143,112)
Principal Paid on Long Term Debt	41,451	(396,738)	-	(355,287)
Interest Paid on Long Term Debt	(159,230)	(275,270)	-	(434,500)
Net Cash Provided (Used) by Capital and Related Financing Activities	440,060	(1,583,138)	(59,950)	(1,203,028)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment Income	79,266	48,776	6,833	134,875
Net Cash Provided (Used) by Investing Activities	79,266	48,776	6,833	134,875
Cash and Cash Equivalents at July 1, 2017	3,298,232	3,340,012	374,481	7,012,725
Cash and Cash Equivalents at June 30, 2018	\$ 5,918,231	\$ 3,988,889	\$ 568,815	\$ 10,475,935
<u>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:</u>				
Income (loss) from operations	\$ 2,831,241	\$ 2,419,314	\$ 441,789	\$ 5,692,344
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	377,857	987,424	5,558	1,370,839
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(34,350)	(80,124)	5,932	(108,542)
Increase (decrease) in payables	3,504,618	121,178	21,701	3,647,497
Decrease (increase) in loan proceeds receivable	(3,430,759)	-	-	(3,430,759)
Increase (decrease) in payroll liabilities	(34,912)	(10,766)	-	(45,678)
Increase (decrease) in pension and OPEB related accounts	231,331	45,287	-	276,618
Net cash provided (used) by operating activities	\$ 3,445,026	\$ 3,482,313	\$ 474,980	\$ 7,402,319

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Fiduciary Fund

CITY OF LEBANON
STATEMENT OF NET POSITION
FIDUCIARY FUND (AGENCY FUND)
June 30, 2018

	Agency Fund
	Bail Fund
<u>ASSETS:</u>	
Current Assets	
Cash and Investments	\$ 3,790
Total Assets	\$ 3,790
<u>LIABILITIES:</u>	
Current Liabilities	
Bail Payable	3,032
Due to Other Agencies	758
Total Liabilities	\$ 3,790

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Lebanon, Oregon (City) is a municipal corporation incorporated under the laws of the State of Oregon. The City is governed by an elected Mayor and an elected six member council. Administration officials are appointed by the council and are responsible for the day-to-day operations of the City.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP Statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant policies of the City:

A. Reporting Entity

In determining the financial reporting entity, the City of Lebanon complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the City's reporting entity, include whether 1) the organization is legally separate (can sue and be sued in their own name); 2) the City holds the corporate powers of the organization; 3) the City appoints a voting majority of the organization's board; 4) the City is able to impose its will on the organization; 5) the organization has the potential to impose a financial benefit/burden on the City; and 6) there is fiscal dependency by the organization on the City. Based on the aforementioned criteria, the City of Lebanon has three component units: Northwest Urban Renewal District, Cheadle Lake Urban Renewal District and North Gateway Urban Renewal District.

Blended Component Units – Northwest Urban Renewal District, Cheadle Lake Urban Renewal District, North Gateway Urban Renewal District - The City has included the financial operations of each Urban Renewal District as a blended component unit in the basic financial statements. Each Agency is a legally separate entity, which is governed by a board comprised of the members of the City Council as stipulated in the Agency's bylaws. The City Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding for the Agency. The Agency is reported as a special revenue fund and a debt service fund. Each component unit issues separate financial statements, which can be obtained from the Finance Department of the City.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

Fund Financial Statements: The fund financial statements provide information about the city's funds including those of a fiduciary nature, if applicable. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SDC – Street Improvements Fund – This fund is used to account for the revenues and expenditures associated with the purchase, construction, and major repair of street improvements. The primary sources of revenue are system development charges and interest.

Northwest Lebanon Urban Renewal District – In 1989, the City established the Northwest Urban Renewal District. The purpose of the District is to provide for the development of infrastructure to serve industrially zoned property within the District boundaries. The area is located west of Highway 20 and north of Highway 34. The primary source of revenue is property taxes.

Cheadle Lake Urban Renewal District – In 2000, the City established the Cheadle Lake Urban Renewal District. The purpose of the District is to provide for development of infrastructure to serve a blighted area of Lebanon generally located north of Cheadle Lake. The primary source of revenue is property taxes.

North Gateway Urban Renewal District – The North Gateway Urban Renewal District was approved in September 2008. The District was established to serve the area where a new medical campus was to be developed. The primary source of revenue is property taxes.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Basis of Presentation (Cont.)

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities.

Wastewater Fund - The Wastewater Fund is used to account for the provision of wastewater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the wastewater system and billing and collection activities.

Storm Drain Fund - The Storm Drain Fund is used to account for the provision of water drainage services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. Measurement Focus/Basis of Accounting (Cont.)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's Wastewater and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the city's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgeting

A budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at June 30. Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the city council. The city does not utilize encumbrance accounting for budgeted funds.

E. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The City has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the City to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The City's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The City's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer.

In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

F. Accumulated Compensated Absences

Accumulated vested vacation and compensatory pay is accrued as it is earned. For governmental funds, compensation not expected to be liquidated with the current resources are reported as liabilities in the government-wide statements and represent a reconciling item between the fund level and government-wide presentations. In business-type funds both the current and long-term liabilities are recorded. Sick pay, which does not vest, is recognized in applicable funds when leave is taken.

G. Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the City. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See note 1.H.)

H. Deferred Inflows/Outflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has two items that qualify for reporting in this category, deferred pension contributions and OPEB related deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, deferred pension contributions and OPEB related deferrals. In the governmental funds balance sheet, different categories of deferred inflow of resources are reported, unavailable revenues from property taxes, court fines, bike path and special assessments. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

I. Inventory

The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

J. Restricted Assets and Liabilities

Certain resources are set aside and restricted for future bond payments and the related liability; these resources are segregated in the statement of net position and are classified as restricted assets on the Statement of Net Position because their use is limited.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

K. Long-Term Debt

All bonds and capital leases to be paid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

L. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets that do not significantly extend the useful life of an asset are not capitalized, but rather are charged to expenditures in the funds.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method.

The estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Machinery and Equipment	5-20 years
Vehicles	5-10 years
Water and Wastewater Systems	20-50 years
Infrastructure	25-50 years

M. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

N. Equity Classifications:

Government-wide Statements and Proprietary Fund Financial Statements

Equity is classified as net position, which represents the difference between assets and liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City did not have any nonspendable resources as of June 30, 2018.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has restricted funds for public works projects, capital projects and debt service.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the City Council, and does not lapse at year-end. The City has committed resources as of June 30, 2018.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The City’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

CITY OF LEBANON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

O. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

P. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers in the fund financial statements. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Other Post-Employment Benefits (OPEB)

The City reports two components of post-employment benefits other than pensions (OPEB) - Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA) and a single-employer defined benefit post-employment health plan.

OPEB – Retirement Health Insurance Account (RHIA) - For purposes of measuring the net OPEB asset (liability), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS), and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at market value.

OPEB – Retiree Healthcare Insurance Premiums Subsidy - The City reports an OPEB liability related to the implicit subsidy arising from the City's single-employer defined benefit post-employment health plan. For the purpose of measuring the City's OPEB liability related to OPEB, and OPEB expense, information has been determined based on an Alternative Measurement Method by an actuarial valuation tool. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. ORS 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Oregon Public Funds Collateralization Program (PFCP). Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2018, the reported amount of the City's deposits was \$1,117,746 and the bank balance was \$1,399,819 and \$1,700 is in petty cash. Of the bank balance, the entire amount was insured by the FDIC or covered by the collateral held in a multiple financial institutions collateral pool administered by the Oregon State Treasurer. The restricted for debt service balance reported on the Statement of Net Position is \$175,923.

Investments - Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The City has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The City's policy, which adheres to state law, is to limit its investments to the following: issuers within Oregon must be rated "A" (bonds) or A-2/P-2 (commercial paper) or better by Standard & Poor's or Moody's Investors Service or any other national recognized statistical rating organization. Issuers not in Oregon must be rated AA/Aa (bonds) or A-1/P-1 (commercial paper) or better.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CASH AND INVESTMENTS (CONT.):

At June 30, 2018, the City's investments were rated as follows:

<u>Credit Quality Rating</u>	<u>Federal Agency Obligations</u>	<u>Municipal Bonds</u>	<u>Corporate Bonds</u>	<u>LGIP/Banks</u>	<u>Total</u>
Unrated	\$ -	\$ -	\$ -	\$ 19,428,344	\$ 19,428,344
Moody Aaa	784,566	-	-	-	784,566
Moody Aa1	-	-	295,779	-	295,779
Moody Aa2	246,228	230,942	1,732,624	-	2,209,793
Moody Aa3	-	-	1,715,902	-	1,715,902
Moody Aa4	-	248,403	-	-	248,403
Moody A2	-	54,334	-	-	54,334
Total Investments	<u>\$ 1,030,793</u>	<u>\$ 533,678</u>	<u>\$ 3,744,305</u>	<u>\$ 19,428,344</u>	<u>\$ 24,737,121</u>

At June 30, 2018, the City's investments in financial institutions are as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total Portfolio</u>	<u>Max per Policy</u>	<u>Balance</u>
Bank Deposits	\$ 19,426,644	78.53%	\$ 24,737,121	\$ 5,310,476
Agency	1,030,793	4.17%	24,737,121	23,706,327
Certificate of Deposit	-	0.00%	24,737,121	24,737,121
Corporate Bond	3,744,305	15.14%	4,947,424	1,203,119
Commercial Paper	-	0.00%	1,236,856	1,236,856
Municipal Bond	533,678	2.16%	2,473,712	1,940,034
Petty Cash	1,700	0.01%	-	-
	<u>\$ 24,737,121</u>	<u>100.00%</u>		

Interest Rate Risk – In accordance with its investments policy, the City manages its exposure to declines in fair value of its investments by limiting investment maturity. All the investments above, except for the investment in the Local Government Investment Pool which is not evidenced by securities, are held in an independent third-party safekeeping institution in the City of Lebanon's name.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CASH AND INVESTMENTS (CONT.):

Concentration of Credit Risk – The City’s policy for investing in individual issuers varies depending on the type of investments. U.S. Treasury and agency securities do not have restrictions regarding concentration with any one issuer.

Custodial Credit Risk – Investments – This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

As of June 30, 2018, the City’s investments in U.S. Treasury Securities are classified as Level 1 and investments in Corporate Indebtedness, Municipal Bonds, and U.S. Agency Securities are classified as Level 2. The Local Government Investment Pool is not in the leveling hierarchy.

<u>Maturity of Investme:</u>	<u>Amount</u>	<u>Percent of Total Portfolio</u>
1 to 30 Days	\$ 19,428,344	78.54%
30 to 120 Days	-	0.00%
120 to 180 Days	1,521,918	6.15%
180 to 365 Days	302,736	1.22%
1 Yr to 2 Yr	3,484,122	14.08%
Over 2 Years	-	0.00%
TOTAL	<u>\$ 24,737,121</u>	<u>100.00%</u>

CITY OF LEBANON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2018:

Governmental Activities	Restated June 30, 2017	Additions	Deletions	June 30, 2018
Assets not being depreciated:				
Land	\$ 2,483,767	\$ 177,772	\$ -	\$ 2,661,539
Construction In Progress	1,231,617	2,313,004	3,169,637	374,984
Assets being depreciated:				
Buildings	18,706,151	45,417	-	18,751,568
Vehicles	2,307,915	-	-	2,307,915
Machinery & Equipment	4,270,987	160,581	-	4,431,568
Improvements	-	60,136	-	60,136
Infrastructure	64,699,100	3,286,563	-	67,985,663
Total Depreciable Assets	89,984,153	3,552,697	-	93,536,850
Less: Accumulated Depreciation				
Buildings	4,587,880	395,557	-	4,983,437
Vehicles	2,019,830	71,999	-	2,091,829
Machinery & Equipment	3,067,285	208,308	-	3,275,593
Infrastructure	50,894,769	739,010	-	51,633,779
Total Accumulated Depreciation	60,569,764	1,414,874	-	61,984,638
Net Value of Capital Assets Being Depreciated	29,414,389	2,137,823	-	31,552,212
Total Governmental Activities--Net Value of Capital Assets	<u>\$ 33,129,773</u>	<u>\$ 2,315,595</u>	<u>\$ -</u>	<u>\$ 34,588,735</u>

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CAPITAL ASSETS (CONT.):

Business-type Activities	Restated			
	June 30, 2017	Additions	Deletions	June 30, 2018
Assets not being depreciated:				
Land	\$ 1,278,827	\$ -	\$ -	\$ 1,278,827
Construction In Progress	9,528,940	17,108,483	-	26,637,423
Assets being depreciated:				
Buildings	8,267,076	-	-	8,267,076
Vehicles	1,066,318	21,563	-	1,087,881
Machinery & Equipment	11,807,678	-	-	11,807,678
Infrastructure	8,747,710	10,000	-	8,757,710
Water/Sewer Assets	33,584,378	433,825	-	34,018,203
Total Depreciable Assets	63,473,160	465,388	-	63,938,548
Less: Accumulated Depreciation				
Buildings	4,401,776	118,305	-	4,520,081
Vehicles	964,364	8,863	-	973,227
Machinery & Equipment	4,022,092	262,788	-	4,284,880
Infrastructure	312,649	175,211	-	487,860
Water/Sewer Assets	10,554,126	805,672	-	11,359,798
Total Accumulated Depreciation	20,255,007	1,370,839	-	21,625,846
Net Value of Capital Assets Being Depreciated	43,218,153	(905,451)	-	42,312,702
Total Business-type Activities--Net Value of Capital Assets	<u>\$ 54,025,920</u>	<u>\$ 16,203,032</u>	<u>\$ -</u>	<u>\$ 70,228,952</u>
Total Net Value of Capital Assets of Primary Government	<u>\$ 87,155,693</u>	<u>\$ 18,518,627</u>	<u>\$ -</u>	<u>\$ 104,817,687</u>
Depreciation expense was charged to functions of the primary government as follows:				
	Governmental Activities:		Business-Type Activities:	
General Government	\$ 1,414,874		Water	\$ 377,857
			Sewer	987,424
			Storm Drain	5,558
Total depreciation expense	<u>\$ 1,414,874</u>			<u>\$ 1,370,839</u>

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

LONG-TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

GOVERNMENTAL ACTIVITIES:

NW URD - May 13, 2005, the City entered into a loan agreement with Business Oregon (IFA) for the Northwest Urban Renewal District. The original balance of the loan is \$3,699,984 with an interest rate between 4.0 - 4.375%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018. # B05003.

NW URD - November 2, 2010, the City issued General Obligation Bonds for the Northwest URD. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$3,310,000 with an Interest rate between 2.0% and 3.5%. #LebanonUR10.

N GATEWAY URD - January 1, 2011, the City entered a Note Payable agreement with Samaritan Health Services for the N Gateway URD. The original balance of the loan is \$2,283,572. The loan carries an interest rate of 5.0% that was changed by the lender to 4.25% during the 2018-18 fiscal year.

March 3, 2002, the City issued Pension Obligation Bonds, Series 2002 which are held by Wells Fargo Corporate Trust Services. The original balance of the bonds is \$2,081,188 with an interest rate between 2.0% and 7.36%. #2002 Pension Obligation Bonds, Series 2002 #12371007.

June 13, 2007, the City issued General Obligation Bonds, Series 2007. The bonds are held by Bank New York Mellon. The original balance of the bonds is \$8,640,000 and carry an annual interest rate between 4.0% and 5.0%. #LEBGO2007.

May 29, 2009, the City entered into a Promissory Note agreement with Bank of New York Mellon. The original balance of the note is \$1,779,833 with an annual interest rate between 3.0% and 5.25%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018. Special Public Works Fund Loan #B07002.

NW URD - July 31, 2013 the City issued Full Faith and Credit and Refunding Obligations Bonds. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divide by the City for Northwest URD, Water and Wastewater. The amount allocated for this portion of the bonds is \$11,855,000. #LebanonFFC2013

October 13, 2015 the City issued General Obligation Refunding Bonds, Series 2015 (Full Faith and Credit 2015) with Key Bank/ Zion Bank. The original balance of the bonds is \$12,800,000 and carry an annual interest rate between 1.65% and 5.0%. #LebanonFFC2015.

CHEADLE LAKE URD - May 18, 2018, the City entered into a loan agreement with Opus Bank for Cheadle Lake URD. The original balance of the loan is \$4,232,723 and has a fixed annual interest rate of 2.88%. #530000006441.

CITY OF LEBANON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

LONG-TERM DEBT (CONT.):

TOTAL GOVERNMENTAL ACTIVITIES DEBT AGREEMENTS:

	Outstanding Balance July 1, 2017	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2018
NW URD Loan with IFA #B050003	\$ 2,646,274	\$ 2,271,343	\$ 2,646,274	\$ 146,414	\$ 2,271,343
NW URD General Obligation Bond LebanonUR10	1,105,000	-	355,000	36,515	750,000
N GATEWAY URD Note Payable with Samaritan Health	1,853,550	-	142,581	79,131	1,710,969
2002 Pension Obligation Bonds with Wells Fargo	1,512,754	-	32,872	120,763	1,479,882
General Obligation Bonds #LEBGO2007	715,000	-	340,000	28,600	375,000
Promissary Note with Bank of New York Mellon #B07002	1,238,514	1,060,952	1,238,514	76,488	1,060,952
Full Faith & Credit Bond 2013 #FFC2013 (NW URD)	10,175,000	-	455,000	397,650	9,720,000
Full Faith & Credit Bond 2015 #FFC2015	12,565,000	-	605,000	468,424	11,960,000
Cheadle Lake URD Loan with Opus Bank	4,232,723	-	225,541	126,304	4,007,182
Total Governmental Activities	\$36,043,815	\$ 3,332,295	\$ 6,040,782	\$ 1,480,289	\$33,335,328

BUSINESS-TYPE ACTIVITIES:

July 31, 2013 the City issued Full Faith and Credit and Refunding Obligations Bonds. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divide by the City for Northwest URD, Water and Wastewater. The amount allocated for this portion of the bonds is \$1,168,000. #LebanonFFC2013 (Water).

July 31, 2013 the City issued Full Faith and Credit and Refunding Obligations Bonds. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divide by the City for Northwest URD, Water and Wastewater. The amount allocated for this portion of the bonds is \$1,695,000. #LebanonFFC2013 (Waste Water).

October 13, 2015, the City issued Full Faith and Credit Bonds for Wastewater. The bonds are held by Key Bank/ Zion Bank. The original balance of the bonds is \$2,385,000 and carry an annual interest rate between 2.00% and 4.00%. LebanonFFC2015 (Waste Water).

March 2, 2006, the City entered into a loan agreement with the Oregon Department of Environmental Quality Special Projects Fund for wastewater improvement projects. The original balance of the note is \$900,000 and carries an interest rate of 2.93% and a .5% service fee. Payments are due the first day of April and October of each year. #R56200

October 27, 2010, the City issued Revenue Bonds for the construction of a wastewater system. The bonds are held by Bank of New York Mellon/ Zion Bank. The original balance of the bonds is \$7,010,000 and carry an annual interest rate between 2.4% and 2.5%. #LEBANONWW10.

October 16, 2015, the City entered into a loan agreement with IFA Business Oregon for financing of the Special Public Works Fund Development Project. The original balance of the loan is \$11,000,000 with an interest rate of 3.51%. The loan is currently in drawdown, so, no amortization schedule is available. The city made an interest payment of \$117,779 during the 2018-18 fiscal year. # L16003.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

LONG-TERM DEBT (CONT.):

October 16, 2015, the City entered into a loan agreement for financing of the Safe Drinking Water Revolving Loan Fund. The loan is held by IFA Business Oregon. The original balance of the note is \$13,000,000 and carries an interest rate of 1.0%. The loan is currently in drawdown, so, there is no amortization schedule available. #S16004.

TOTAL BUSINESS-TYPE ACTIVITIES:

	Outstanding Balance July 1, 2017	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2018
Full Faith & Credit Bond 2013 #FFC2013 (Water)	\$ 1,095,000	\$ -	\$ 200,000	\$ 41,450	\$ 895,000
Full Faith & Credit Bond 2013 #FFC2013 (WasteWater)	765,000	-	245,000	30,600	520,000
Full Faith & Credit Bond 2015 #FFC2015 (WasteWater)	1,835,000	-	350,000	53,900	1,485,000
Note Payable to Oregon DEQ #R56200	612,570	-	43,283	17,633	569,287
Revenue Bonds with BNY Mellon/ Zion Bank #LebWW10	4,510,000	-	435,000	178,850	4,075,000
Loan with Business Oregon (IFA) #L16003	727,005	9,183,754	-	117,779	9,910,759
Loan with Business Oregon (IFA) #S16004	3,128,418	7,976,877	-	-	11,105,295
Total Business-Type Activities	\$ 12,672,993	\$ 17,160,631	\$ 1,273,283	\$ 440,212	\$28,560,341

TOTAL DEBT AGREEMENTS:

	Outstanding Balance July 1, 2017	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2018
Total Governmental Activities	\$ 36,043,815	\$ 3,332,295	\$ 6,040,782	\$ 1,480,289	\$33,335,328
Total Business-Type Activities	12,672,993	17,160,631	1,273,283	440,212	28,560,341
TOTAL DEBT AGREEMENTS:	\$ 48,716,808	\$ 20,492,926	\$ 7,314,065	\$ 1,920,501	\$61,895,669

CITY OF LEBANON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

LONG-TERM DEBT (CONT.):

The debt service requirements on the above debt is as follows:

Governmental Activities:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,521,945	\$ 1,365,579	\$ 3,887,524
2020	2,618,591	1,312,418	3,931,009
2021	2,830,490	1,164,632	3,995,122
2022	2,989,250	1,071,293	4,060,543
2023	3,163,445	957,542	4,120,987
2024 - 2028	16,690,466	2,627,450	19,317,916
2029 - 2033	2,521,141	220,567	2,741,708
Total	<u>\$ 33,335,328</u>	<u>\$ 8,719,480</u>	<u>\$ 42,054,808</u>

Business- Type Activites:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,314,560	\$ 281,692	\$ 1,596,252
2020	1,355,875	235,426	1,591,301
2021	882,229	184,164	1,066,393
2022	918,623	148,343	1,066,966
2023	305,058	117,499	422,557
2024 - 2028	1,708,344	393,552	2,101,896
2029 - 2033	1,059,598	77,401	1,136,999
Total	<u>\$ 7,544,287</u>	<u>\$ 1,438,076</u>	<u>\$ 8,982,363</u>

Future Business-Type Activities debt service requirements do not match total Business-Type Activities outstanding balance due to amortization schedules not being available until the two loans with Business Oregon that are currently in drawdown have been completely disbursed.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN:

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. Tier One/Tier Two Retirement Benefit (Chapter 238). Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2018 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Defined Benefit Pension Program (OPSRP DB). The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2018 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. IAP Plan Description:

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP)

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2018 were \$823,096 excluding amounts to fund employer specific liabilities.

Pension Plan CAFR

Oregon PERS produces an independently audited CAFR which can be found at:
http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation</u>
Cash	0.0% - 3.0%	0.0%	Cash	3.9%
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.7%
Public Equity	32.5% - 42.5%	37.5%	Public Equity	37.9%
Real estate	9.5% - 15.5%	12.5%	Real estate	12.0%
Private Equity	13.5% - 21.5%	17.5%	Private Equity	19.5%
Alternative Equity	0.0% - 12.5%	12.5%	Alternative Equity	4.1%
Opportunity Portfolio	0.0% - 3.0%	0.0%	Opportunity Portfolio	1.9%
Total		<u>100%</u>	Total	<u>100%</u>

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Mean</u>	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Core Fixed Income	8.00%	3.59%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leveraged Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Foreign Equities	4.13%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.88%	5.43%	3.84%	18.95%
Portfolio - Net of Investment Expenses	100%	7.48%	6.74%	12.97%

* The models's 20-year annualized giometric median is 6.7%

CITY OF LEBANON
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net pension liability	\$ 14,168,993	\$ 8,314,246	\$ 3,418,593

Changes in Assumptions

A summary of key changes implemented since the December 31, 2015 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September, 2017, and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Changes in Actuarial Methods and Allocation Procedures

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 members' actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2014 and December 31, 2015 valuations, the Money Match was weighted 25 percent for General Service members and 0 percent for Police & Fire members. For the December 31, 2016 and December 31, 2017 valuations, this weighting has been adjusted to 15 percent for General Service members and 0 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting – The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.20%. Previously, the assumed investment return and interest crediting was 7.5%.

Administrative Expenses – The administrative expense assumptions were updated to \$37.5 million per year for Tier 1/Tier 2 and \$6.5 million per year for OPSRP. Previously these were assumed to \$33.0 million per year and \$5.5 million per year, respectively.

Healthcare Cost Inflation – The healthcare cost inflation assumption for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2020 by the Affordable Care Act.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	December 31, 2015 Valuation	Recommended December 31, 2016 and 2017 Valuations
Healthy Annuitant Mortality	RP-2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct	RP-2014 Healthy Annuitant, Sex Distinct, Generational Projection Unisex Social Security Data Scale
School District male	No collar, set back 24 months	White collar, set back 12 months
Other General Service male (and male beneficiary)	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
Police & Fire male	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
School District female	No collar, set back 24 months	White collar, set back 12 months
Other female (and female beneficiary)	Blended 25% blue collar/75% white collar, no set back	Blended 50% blue collar/50% white collar, no set back
Disabled Retiree Mortality	RP-2000 Generational with Scale BB, Disabled, No Collar, Sex distinct	RP-2014 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Male	70% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
Female	95% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
Non-Annuitant Mortality	Fixed Percentage of Healthy Annuitant Mortality	RP-2014 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	60%	Same collar and set back as Healthy Annuitant assumption
Other General Service male	75%	Same collar and set back as Healthy Annuitant assumption
Police & Fire male	75%	Same collar and set back as Healthy Annuitant assumption
School District female	55%	Same collar and set back as Healthy Annuitant assumption
Other female	60%	Same collar and set back as Healthy Annuitant assumption

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

Changes Subsequent to the Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2%. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5% and has been in effect for member transactions since January 1, 2016.

Employer Contributions

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on pay-date.

Beginning with fiscal year 2016, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Net Pension Liability

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 71, of the June 30, 2017 PERS CAFR.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2018, the employer reported a liability of \$8,314,246 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

PENSION PLAN (Cont.):

At June 30, 2017, the employer's proportion was 0.06167821 percent.

For the year ended June 30, 2018, the employer recognized pension expense of \$1,677,912. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 402,080	\$ -
Changes of assumptions	1,515,539	-
Net difference between projected and actual earnings on investements	85,656	-
Changes in proportionate share	190,673	363,744
Differences between employer contributions and employer's proportionate share of system contributions	<u>30,050</u>	<u>145,528</u>
Total Deferred Outflows/Inflows	\$ 2,223,998	\$ 509,272
Post-measurement date contributions	823,096	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 3,047,094</u>	<u>\$ 509,272</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ 1,714,726</u>

\$2,537,822 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 1,103,332
2nd Fiscal Year	957,703
3rd Fiscal Year	640,558
4th Fiscal Year	(188,001)
5th Fiscal Year	24,231
Thereafter	-
Total	<u>\$ 2,537,822</u>

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The City contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.53% of annual covered PERS payroll and 0.45% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Contributions

The City's contributions to PERS' RHIA for the years ended June 30, 2018, 2017, and 2016 were \$27,422, \$28,211, and \$26,716 respectively, which equaled the required contributions for the year.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2018. That independently audited report was dated April 11, 2018 and can be found at:

http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2017.pdf

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Actuarial Methods and Assumptions - OPEB Plans - RHIA	
	June 30, 2017
Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long term expected rate of return assumption, in July 2015 the PERS Board reviewed long term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Milliman's assumptions for each of the asset classes in which the plan was invested at that time are based on the OIC long term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

http://www.oregon.gov/pers/docs/financial_reports/2017_cafr.pdf

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net OPEB liability	\$ 3,557	\$ (25,519)	\$ (50,250)

OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The City did not report any OPEB asset, deferred inflows/outflows or OPEB expense for the current fiscal year due to the amount being immaterial. The following are the amounts that would have been reported.

At June 30, 2018, the City had a net OPEB liability/(asset) of \$(25,519) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2018, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2015. Consistent with GASB Statement No. 75, paragraph 59(a), The City's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2018, the City's proportion was 0.06114702 percent. OPEB expense/(income) for the year ended June 30, 2018 was \$463.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:

At June 30, 2018, the employer had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on	-	11,819
Changes in proportionate share	882	-
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows	<u>\$ 882</u>	<u>\$ 11,819</u>
Post-measurement date contributions	27,422	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 28,304</u>	<u>\$ 11,819</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>\$ (10,937)</u>

\$10,937 reported as deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (2,629)
2nd Fiscal Year	(2,629)
3rd Fiscal Year	(2,725)
4th Fiscal Year	(2,955)
5th Fiscal Year	-
Thereafter	-
Total	<u>\$ (10,937)</u>

Changes Subsequent to the Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) MODA:

Retiree Healthcare Insurance Premiums Subsidy

Plan Description

The City operates a single employer retiree benefit plan through the Moda Insurance Services that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The City is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for the premiums. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the City due only to this implicit rate subsidy. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the City has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The City will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) MODA (Cont.):

Actuarial Methods and Assumptions - The City performed an evaluation as of June 30, 2018 using entry age normal Actuarial Cost Method. The total OPEB liability was determined using the Alternative Measurement Method by an actuarial valuation tool as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

Assumptions	User Defined Values are in Bold
Age Adjustment Factor:	0.01854706
Average Retirement Age:	63
Employer Future Premium Contribution	Remain at the current \$ level over time
Actuarial cost method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Assets backing OPEB Liability:	\$0
Plan Asset Return:	0.00%
Bond Yield:	2.98%
Discount Rate	2.98%
Measurement date:	June 30, 2018
Prior Measurement date:	June 30, 2018
Prior Year Discount Rate:	3.13%
Projected Salary increases:	2.10%
Amortization Period:	20
Percentage Participation:	100.00%
NOL and ADC:	Calculated using the Alternative Measurement Method in accordance with GASB methodology
Healthy Mortality	RP-2000 mortality table for males and females, projected 18 years; this assumption does not include a margin for future improvements in longevity.
Turnover Assumption:	Derived from data maintained by the US Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Discount Rate

Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions in this report reflect the Bond Buyer 20-Year General Obligation Bond Index.

Health Care Cost Trend

The cost trend numbers used in the analysis were developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long term trend projection. The ACA excise tax will ultimately affect all plans. Due to the variability of the ACA excise tax by plan, the user needs to estimate the impact and adjust the trend. The excise tax could raise the average actual trend rate by 0.5% or more in each year.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (OPEB) MODA (Cont.):

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease 1.98%	Discount Rate 2.98%	1% Increase 3.98%
Total OPEB liability from Implicit Rate Subsidy	\$ 860,355	\$ 784,597	\$ 719,120
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 705,804	\$ 784,597	\$ 877,144

Participation

The following table represents the number of the City's covered participants:

<u>Census Summary</u>	<u># Subscribers</u>
Subscribers by Status	
Active	49
Retired	5
Terminated	0
Total	54
Spouses of Eligible Retirees	33

Components of OPEB Expense

	<u>July 1, 2017 to June 30, 2018</u>
OPEB Expense	
Service cost	\$ 44,422
Interest on total OPEB liability	-
Effect of plan changes	-
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	-
Recognition of assumption changes	-
Administrative Expense	n/a*
OPEB Expense	<u>\$ 44,422</u>

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to review and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City of Lebanon has elected the "reimbursement" basis for unemployment claims to the State of Oregon Department of Human Resources Employment Division. If a terminated employee collects unemployment compensation based upon earnings from the City, the City will be required to reimburse the State of Oregon for the amount of unemployment compensation paid. Amounts billed by the State of Oregon are charged to expenditures, but amounts for which the City is potentially liable as a result of claims not yet filed are unknown.

RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of City-County Insurance Services (CIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for insurance coverage.

Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy. There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

COMMITMENT:

The City has entered into an agreement with Samaritan Health Services under which the City will repay amounts invested by Samaritan Health Services to improve or add infrastructure within the North Gateway Urban Renewal District. The total costs allowed to be repaid under the agreement are \$5,105,900. Improvements must be in place no later than 2029. Amounts invested by Samaritan Health Services are added to an existing loan agreement as described in the Long-Term Debt Note. As of June 30, 2018, 1,710,969 had been invested under the agreement.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund transfers for the year ended June 30, 2018 were as follows:

	Transfers Out	Transfers In
General Fund #100	\$ 900,420	\$ 2,976,605
G.O. Full Faith & Credit Bond Fund #314	-	403,900
2013 Full Faith & Credit Bond Fund #317	-	1,369,700
Pension Bond Series 2002 Fund #320	-	202,270
Motel Tax Fund #510	107,000	-
Building Inspection Fund #527	235,277	-
Park Enterprise Fund #533	22,920	-
GIS Fund #540	105,264	98,206
Info System Service Fund #542	106,081	746,706
Custodial & Maint Services Fund #545	11,899	238,944
Eng Development Review Fund #555	69,445	-
Street Maintenance Fund #558	381,158	57,642
School Resource Officer Fund #564	85,272	-
Dial-A-Bus Fund #569	20,243	-
State Hwy Signal Maint Fund #815	12,642	-
Equipment Acquisition & Replacement Fund #820	-	508,250
Streets Capital Projects Fund #840	-	55,000
SDC - Parks Improvements Fund #862	8,391	84,772
SDC - Street Improvements Fund #882	8,391	27,544
Northwest Urban Renewal District Fund #925	977,393	-
Cheadle Lake Urban Renewal District Fund #935	133,759	-
North Gateway Urban Renewal District Fund #940	709,603	-
Water Utility Fund	1,401,544	4,806
Storm Drain Utility Fund	271,003	-
Wastewater Utility Fund	1,761,702	62,544
SDC - Drainage Improvements Fund	8,391	51,865
SDC - Wastewater Improvements Fund	8,391	408,475
SDC - Water Improvements Fund	8,390	57,350
Total	<u>\$ 7,354,579</u>	<u>\$ 7,354,579</u>

These transfers occur on a routine basis and are used by the recipient funds for the normal operations of the funds.

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

OVER-EXPENDITURE OF APPROPRIATIONS:

Expenditures in excess of appropriation in individual funds for the year ended June 30, 2018 occurred as follows:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Bail Fund / Materials and Supplies	118,962	130,595	11,633

PROPERTY TAX ABATEMENTS:

City of Lebanon received reduced revenue from property taxes as a result of a tax abatements program - Enterprise Zones agreements. These tax abatement agreements are negotiated with Linn County, Oregon under Oregon Revised Statutes (ORS) 285C.175 regarding Enterprise Zones.

For the fiscal year ended June 30, 2018, information regarding the property tax abatements from the program is as follows:

<u>District Name</u>	<u>Purpose</u>	<u>Assessed Value of Excluded Properties</u>	<u>Rate per Thousand Dollars of Assessed Value</u>	<u>Reduced Property Taxes</u>
City of Lebanon	Enterprise Zone	\$ 48,534,570	4.36080	\$ 211,650
City of Lebanon Bond	Enterprise Zone	48,534,570	1.31950	64,041
Northwest Lebanon Urban Renewal District	Enterprise Zone	48,534,570	1.51810	73,680
Cheadle Lake Urban Renewal District	Enterprise Zone	48,534,570	0.32840	15,939
North Gateway Urban Renewal District	Enterprise Zone	48,534,570	0.74260	36,042
Total Tax Abatements				<u>\$ 401,352</u>

CITY OF LEBANON

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

The beginning net positions and fund balances as of July 1, 2017, were restated to reflect a correction to Capital Assets, Systems Development Charge Receivables/Payables, Assessment Receivables, Bond Premiums and other smaller adjustments. Capital Assets were adjusted to properly match the asset listing. Systems Development Charge Receivables/Payables were adjusted to reflect amounts due from outside the City as the North Gateway Urban Renewal Agency has agreed to pay for SDC charges for Samaritan Health Services. Assessment Receivables were also adjusted to match the corrected listing. A bond premium was not correctly listed in the prior year and updated. There were also some smaller restatements made which corrected some past errors. The restatement amounts are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position Beginning of the Year, at July 1, 2017 (as previously reported)	\$ 7,240,462	\$ 45,452,846	\$ 52,693,308
Restatement for (decrease)/increase for:			
Capital Assets	(538,667)	4,144,742	3,606,075
SDC Receivables/Payables - net	113,486	(113,486)	-
Assessment Receivables	77,016	(363,256)	(286,240)
Bond Premiums	-	90,159	90,159
Other Adjustments	(119,574)	82,705	(36,868)
Net Position (Deficit) Beginning of the Year, at July 1, 2017 (as restated)	<u>\$ 6,772,723</u>	<u>\$ 49,293,710</u>	<u>\$ 56,066,434</u>

SUBSEQUENT EVENTS

As of April 2, 2019, there were no such occurrences noted whose disclosure would render the current fiscal year's financial statements to be misleading.

DEFICIT FUND BALANCE:

The following funds ended the year with a negative fund balance:

<u>Fund</u>	<u>Fund Balance</u>
Parks Grant Fund	(61,069)

REQUIRED
SUPPLEMENTARY
INFORMATION

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GENERAL FUND

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes	\$ 4,733,608	\$ 4,733,608	\$ 4,842,356	\$ 108,748
Intergovernmental	465,000	465,000	499,012	34,012
Franchise Taxes	2,134,275	2,134,275	2,198,381	64,106
Marijuana Taxes	55,000	55,000	166,105	111,105
Fees and Charges	104,850	104,850	224,129	119,279
Fines and Forfeitures	336,500	336,500	441,914	105,414
Investment Earnings	24,000	24,000	74,578	50,578
Grants and Contributions	-	-	3,678	3,678
Miscellaneous Revenue	65,000	65,000	79,017	14,017
Total Revenues	7,918,233	7,918,233	8,529,170	610,937
<u>EXPENDITURES:</u>				
Current:				
Administration & Economic Dev.	423,346	423,346	354,853	(68,493)
Human Resources	130,444	135,444	126,541	(8,903)
City Attorney	181,050	181,050	175,199	(5,851)
Community Development and Planning	324,606	324,606	299,095	(25,511)
Public Works	1,175,630	1,175,630	954,125	(221,505)
Parks	644,604	644,604	596,676	(47,928)
Finance	636,112	631,112	550,684	(80,428)
Legislative	232,728	232,728	219,598	(13,130)
Library	594,828	594,828	509,491	(85,337)
Municipal Court	288,275	288,275	277,626	(10,649)
Police	5,426,825	5,469,959	5,053,278	(416,681)
Senior and Disabled Services	256,863	256,863	248,509	(8,354)
Materials and Services	425,617	425,617	364,597	(61,020)
Debt Service	137,209	137,209	1,332,538	1,195,329
Contingency	1,437,264	1,394,130	-	(1,394,130)
Total Expenditures	12,315,401	12,315,401	11,062,810	(1,252,591)
Excess (Deficiency) of Revenues Over Expenditures	(4,397,168)	(4,397,168)	(2,533,640)	1,863,528
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	2,980,588	2,980,588	2,976,605	(3,983)
Interfund Transfers Out	(783,420)	(783,420)	(783,420)	-
Loan Proceeds	-	-	1,194,930	1,194,930
Total Other Financing Sources (Uses)	2,197,168	2,197,168	3,388,115	1,190,947
Net Change in Fund Balance	(2,200,000)	(2,200,000)	854,475	3,054,475
Beginning Fund Balance - As Restated	2,200,000	2,200,000	2,672,274	472,274
ENDING FUND BALANCE	\$ -	\$ -	\$ 3,526,749	\$ 3,526,749

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SDC - Street Improvements Fund #882 (A Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 335,000	\$ 335,000	\$ 304,884	\$ (30,116)
Investment Earnings	6,000	6,000	34,728	28,728
Total Revenues	341,000	341,000	339,612	(1,388)
EXPENDITURES:				
Current:				
Capital Outlay	2,600,000	2,600,000	25,317	(2,574,683)
Contingency	170,153	170,153	-	(170,153)
Total Expenditures	2,770,153	2,770,153	25,317	(2,744,836)
Excess (Deficiency) of Revenues Over Expenditures	(2,429,153)	(2,429,153)	314,295	2,743,448
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	27,544	27,544	27,544	-
Interfund Transfers Out	(8,391)	(8,391)	(8,391)	-
Total Other Financing Sources (Uses)	19,153	19,153	19,153	-
Net Change in Fund Balance	(2,410,000)	(2,410,000)	333,448	2,743,448
Beginning Fund Balance - As Restated	2,410,000	2,410,000	1,897,128	(512,872)
Ending Fund Balance	\$ -	\$ -	\$ 2,230,576	\$ 2,230,576

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Northwest Urban Renewal District Fund #925

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Property Taxes	\$ 1,735,000	\$ 1,735,000	\$ 1,716,975	\$ (18,025)
Investment Earnings	5,000	5,000	35,002	30,002
Total Revenues	1,740,000	1,740,000	1,751,977	11,977
EXPENDITURES:				
Current:				
Materials and Supplies	20,000	20,000	19,539	(461)
Debt Service	637,366	637,366	3,201,157	2,563,791
Capital Outlay	100,000	100,000	-	(100,000)
Contingency	975,241	975,241	-	(975,241)
Total Expenditures	1,732,607	1,732,607	3,220,696	1,488,089
Excess (Deficiency) of Revenues Over Expenditures	7,393	7,393	(1,468,719)	(1,476,112)
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(977,393)	(977,393)	(977,393)	-
Loan Proceeds	-	-	2,563,391	2,563,391
Total Other Financing Sources (Uses)	(977,393)	(977,393)	1,585,998	2,563,391
Net Change in Fund Balance	(970,000)	(970,000)	117,279	1,087,279
Beginning Fund Balance - As Restated	970,000	970,000	1,694,784	724,784
Ending Fund Balance	\$ -	\$ -	\$ 1,812,063	\$ 1,812,063

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Cheadle Lake Urban Renewal District Fund #935

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Property Taxes	\$ 417,000	\$ 417,000	\$ 366,623	\$ (50,377)
Investment Earnings	500	500	20,454	19,954
Total Revenues	417,500	417,500	387,077	(30,423)
EXPENDITURES:				
Current:				
Debt Service	351,000	352,000	351,846	(154)
Capital Outlay	3,200,000	3,200,000	2,619,327	(580,673)
Contingency	107,741	106,741	-	(106,741)
Total Expenditures	3,658,741	3,658,741	2,971,173	(687,568)
Excess (Deficiency) of Revenues Over Expenditures	(3,241,241)	(3,241,241)	(2,584,096)	657,145
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(133,759)	(133,759)	(133,759)	-
Total Other Financing Sources (Uses)	(133,759)	(133,759)	(133,759)	-
Net Change in Fund Balance	(3,375,000)	(3,375,000)	(2,717,855)	657,145
Beginning Fund Balance - As Restated	3,375,000	3,375,000	3,709,160	334,160
Ending Fund Balance	\$ -	\$ -	\$ 991,305	\$ 991,305

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual North Gateway Urban Renewal District Fund #940 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Property Taxes	\$ 775,000	\$ 775,000	\$ 821,698	\$ 46,698
Investment Earnings	1,000	1,000	12,819	11,819
Total Revenues	776,000	776,000	834,517	58,517
EXPENDITURES:				
Current:				
Debt Service	245,040	245,040	221,712	(23,328)
Capital Outlay	150,000	150,000	-	(150,000)
Contingency	271,357	271,357	-	(271,357)
Total Expenditures	666,397	666,397	221,712	(444,685)
Excess (Deficiency) of Revenues Over Expenditures	109,603	109,603	612,805	503,202
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(709,603)	(709,603)	(709,603)	-
Total Other Financing Sources (Uses)	(709,603)	(709,603)	(709,603)	-
Net Change in Fund Balance	(600,000)	(600,000)	(96,798)	503,202
Beginning Fund Balance - As Restated	600,000	600,000	658,596	58,596
Ending Fund Balance	\$ -	\$ -	\$ 561,798	\$ 561,798

CITY OF LEBANON

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

PERS

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.06167821%	0.05938091%	0.06818513%	0.06443958%
Employer's proportionate share of the net pension liability (asset)	\$ 8,314,246	\$ 8,914,453	\$ 3,914,823	\$ (1,460,660)
Employer's covered - employee payroll	\$ 5,900,267	\$ 5,784,286	\$ 4,915,422	\$ 4,670,776
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	141%	154%	80%	-31.3%
Plan fiduciary net position as a percentage of the total pension liability	80.5%	80.5%	91.9%	103.6%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF LEBANON
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 823,096	\$ 638,089	\$ 595,431	\$ 457,865
Contributions in relation to the contractually required contribution	<u>823,096</u>	<u>638,089</u>	<u>595,431</u>	<u>457,865</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Employer's covered - employee payroll	\$ 5,900,267	\$ 5,784,286	\$5,420,641	\$4,915,422
Contributions as a percentage of covered - employee payroll	13.95%	11.0%	11.0%	9.3%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF LEBANON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB RHIA

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>
Employer's proportion of the net OPEB liability (asset)	0.06114702%	0.05669862%
Employer's proportionate share of the net OPEB liability (asset)	\$ (25,519)	\$ 15,397
Employer's covered - employee payroll	\$ 5,900,267	\$ 5,784,286
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	-0.43%	0.27%
Plan fiduciary net position as a percentage of the total OPEB liability	108.9%	94.2%

*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

CITY OF LEBANON

SCHEDULE OF EMPLOYER CONTRIBUTIONS OPEB RHIA

Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 27,422	\$ 28,211	\$ 26,716
Contributions in relation to the contractually required contribution	27,422	28,211	26,716
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered - employee payroll	\$ 5,900,267	\$ 5,784,286	\$ 5,420,641
Contributions as a percentage of covered - employee payroll	0.46%	0.49%	0.49%

OTHER
SUPPLEMENTARY
INFORMATION

Proprietary Funds

CITY OF LEBANON

COMBINING STATEMENT OF NET POSITION WATER FUNDS

June 30, 2018

	Water Utility Fund	SDC - Water Improvements Fund	SDC - Water Reimburse- ment s Fund	Totals
<u>ASSETS:</u>				
Current Assets:				
Cash and Investments	\$ 4,773,368	\$ 1,108,190	\$ 36,673	\$ 5,918,231
Accounts Receivable	558,405	78,845	702	637,952
Loan Proceeds Receivable	3,430,759	-	-	3,430,759
Prepaid Expenses & Other Assets	1,146	-	-	1,146
Total Current Assets	8,763,678	1,187,035	37,375	9,988,088
Non-Current Assets:				
Net OPEB Asset (RHIA)	1,501	-	-	1,501
Total Non-Current Assets	1,501	-	-	1,501
Capital Assets:				
Land and Construction In Progress	26,061,264	-	-	26,061,264
Capital Assets, Net of Depreciation	11,632,687	-	-	11,632,687
Total Capital Assets	37,693,951	-	-	37,693,951
Total Assets	46,459,130	1,187,035	37,375	47,683,540
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Pension Related Deferrals	179,211	-	-	179,211
OPEB Related Deferrals - RHIA	1,665	-	-	1,665
Total Deferred Outflows of Resources	180,876	-	-	180,876
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	3,559,335	-	20,000	3,579,335
Deposit Payable	224,240	-	-	224,240
Compensated Absences, Current Portion	6,125	-	-	6,125
Long-Term Liabilities, Current Portion	215,000	-	-	215,000
Total Current Liabilities	4,004,700	-	20,000	4,024,700
Long-Term Liabilities:				
Long-Term Liabilities, Less Current Portion	680,000	-	-	680,000
Compensated Absences, Less Current Portion	18,374	-	-	18,374
Interim Construction Financing	21,016,054	-	-	21,016,054
Net Pension Liability	488,993	-	-	488,993
Net OPEB Obligation - CIS	46,145	-	-	46,145
Total Long-Term Liabilities	22,249,566	-	-	22,249,566
Total Liabilities	26,254,266	-	20,000	26,274,266
<u>DEFERRED INFLOW OF RESOURCES:</u>				
Pension Related Deferrals	29,952	-	-	29,952
OPEB Related Deferrals - RHIA	695	-	-	695
Total Deferred Inflows of Resources	30,647	-	-	30,647
<u>NET POSITION:</u>				
Net Investment in Capital Assets	15,782,897	-	-	15,782,897
Unrestricted	4,572,196	1,187,035	17,375	5,776,606
Total Net Position	\$ 20,355,093	\$ 1,187,035	\$ 17,375	\$ 21,559,503

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances**

WATER FUNDS

For the Fiscal Year Ended June 30, 2018

	<u>Water Utility Fund</u>	<u>SDC - Water Improvements Fund</u>	<u>SDC - Water Reimburse- ments Fund</u>	<u>Totals</u>
<u>OPERATING REVENUES:</u>				
Fees and Charges	\$ 5,046,361	\$ 219,368	\$ 1,237	\$ 5,266,966
Miscellaneous Revenue	131,056	-	-	131,056
Total Operating Revenues	5,177,417	219,368	1,237	5,398,022
<u>OPERATING EXPENSES:</u>				
Personnel Services	717,782	-	-	717,782
Materials and Supplies	1,451,142	-	20,000	1,471,142
Depreciation	377,857	-	-	377,857
Total Operating Expenditures	2,546,781	-	20,000	2,566,781
Operating Income (Loss)	2,630,636	219,368	(18,763)	2,831,241
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Investment Earnings	63,910	14,868	488	79,266
Interest and Fees	(159,230)	-	-	(159,230)
Total Non-Operating Revenues (Expenses)	(95,320)	14,868	488	(79,964)
Income Before Other Revenues, Expenses, and Transfers	2,535,316	234,236	(18,275)	2,751,277
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>				
Interfund Transfers In	4,806	-	-	4,806
Interfund Transfers Out	(1,401,544)	(8,390)	-	(1,409,934)
Total Capital Contributions and Transfers	(1,396,738)	(8,390)	-	(1,405,128)
Changes in Net Position	1,138,578	225,846	(18,275)	1,346,149
Beginning Net Position - As Restated	18,975,064	961,189	35,650	19,971,903
Equity Transfer	241,451	-	-	241,451
Ending Net Position	\$20,355,093	\$ 1,187,035	\$ 17,375	\$21,559,503

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Water Utility Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 4,974,000	\$ 4,974,000	\$ 5,046,361	\$ 72,361
Investment Earnings	15,000	15,000	63,910	48,910
Grants and Contributions	12,000,000	12,000,000	-	(12,000,000)
Miscellaneous Revenue	95,000	95,000	131,056	36,056
Total Revenues	17,084,000	17,084,000	5,241,327	(11,842,673)
<u>EXPENDITURES:</u>				
Current:				
Personnel Services	525,950	525,950	515,135	(10,815)
Materials and Supplies	1,290,346	1,290,346	1,183,330	(107,016)
Debt Service	-	118,000	117,779	(221)
Capital Outlay	24,838,500	24,720,500	16,870,603	(7,849,897)
Contingency	32,466	32,466	-	(32,466)
Total Expenditures	26,687,262	26,687,262	18,686,847	(8,000,415)
Excess (Deficiency) of Revenues Over Expenditures	(9,603,262)	(9,603,262)	(13,445,520)	(3,842,258)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	4,806	4,806	4,806	-
Interfund Transfers Out	(1,401,544)	(1,401,544)	(1,401,544)	-
Loan Proceeds	7,500,000	7,500,000	17,160,630	9,660,630
Total Other Financing Sources (Uses)	6,103,262	6,103,262	15,763,892	9,660,630
Net Change in Fund Balance	(3,500,000)	(3,500,000)	2,318,372	5,818,372
Beginning Fund Balance - As Restated	3,500,000	3,500,000	2,637,229	(862,771)
Ending Fund Balance	\$ -	\$ -	\$ 4,955,601	\$ 4,955,601

Reconciliation to generally accepted accounting principles basis

Change in fund balance from above	2,318,372
Change in Compensated Absences	28,684
Change in Pension and OPEB Expense	(231,331)
Debt Principal Payments	200,000
Equity transfer for debt service payments	(241,451)
Capital outlay that is capitalized	16,602,791
Loan Proceeds reclassified as Debt	(17,160,630)
Depreciation Expense	(377,857)

Change in Net Position as Reported in Proprietary Funds Statement
of Revenues, Expenses, and Changes in Net Position

\$ 1,138,578

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SDC - Water Improvements Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 115,000	\$ 115,000	\$ 185,125	\$ 70,125
Investment Earnings	2,500	2,500	14,868	12,368
Total Revenues	117,500	117,500	199,993	82,493
EXPENDITURES:				
Current:				
Capital Outlay	1,107,350	1,107,350	-	(1,107,350)
Contingency	66,659	66,659	-	(66,659)
Total Expenditures	1,174,009	1,174,009	-	(1,174,009)
Excess (Deficiency) of Revenues Over Expenditures	(1,056,509)	(1,056,509)	199,993	1,256,502
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	57,350	57,350	57,350	-
Interfund Transfers Out	(8,390)	(8,390)	(8,390)	-
Total Other Financing Sources (Uses)	48,960	48,960	48,960	-
Net Change in Fund Balance	(1,007,549)	(1,007,549)	248,953	1,256,502
Beginning Fund Balance - As Restated	1,007,549	1,007,549	859,237	(148,312)
Ending Fund Balance	\$ -	\$ -	\$ 1,108,190	\$ 1,108,190

Reconciliation to generally accepted accounting principles basis

Change in fund balance from above	248,953
Interfund Loan Payments	(57,350)
Revenue recognition of deferred inflows	34,243
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 225,846</u>

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SDC - Water Reimbursements Fund For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 700	\$ 700	\$ 1,061	\$ 361
Investment Earnings	125	125	488	363
Total Revenues	825	825	1,549	724
EXPENDITURES:				
Current:				
Capital Outlay	27,000	27,000	20,000	(7,000)
Contingency	1,228	1,228	-	(1,228)
Total Expenditures	28,228	28,228	20,000	(8,228)
Net Change in Fund Balance	(27,403)	(27,403)	(18,451)	8,952
Beginning Fund Balance - As Restated	27,403	27,403	35,123	7,720
Ending Fund Balance	\$ -	\$ -	\$ 16,672	\$ 16,672
Reconciliation to generally accepted accounting principles basis				
Change in fund balance from above			(18,451)	
Revenue recognition of deferred inflows			176	
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position			<u>\$ (18,275)</u>	

CITY OF LEBANON

**COMBINING STATEMENT OF NET POSITION
WASTEWATER FUNDS**

June 30, 2018

	Wastewater Utility Fund	SDC - Wastewater Improvements Fund	SDC - Wastewater Reimburse- ments Fund	Totals
<u>ASSETS:</u>				
Current Assets:				
Cash and Investments	\$ 1,853,829	\$ 1,753,156	\$ 381,904	\$ 3,988,889
Accounts Receivable	690,960	114,240	20,050	825,250
Property Taxes Receivable	5,666	-	-	5,666
Prepaid Expenses & Other Assets	1,146	-	-	1,146
Total Current Assets	2,551,601	1,867,396	401,954	4,820,951
Non-Current Assets:				
Net OPEB Asset (RHIA)	569	-	-	569
Total Non-Current Assets	569	-	-	569
Capital Assets:				
Land and Construction In Progress	1,745,036.48	-	-	1,745,036
Capital Assets, Net of Depreciation	30,403,586	-	-	30,403,586
Total Capital Assets	32,148,622	-	-	32,148,622
Total Assets	34,700,792	1,867,396	401,954	36,970,142
<u>DEFERRED OUTFLOW OF RESOURCES:</u>				
Pension Related Deferrals	67,947	-	-	67,947
OPEB Related Deferrals - RHIA	631	-	-	631
Total Deferred Outflows of Resources	68,578	-	-	68,578
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	141,292	-	-	141,292
Interest Payable	64,232	-	-	64,232
Compensated Absences, Current Portion	2,505	-	-	2,505
Long-Term Liabilities, Current Portion	1,099,560	-	-	1,099,560
Total Current Liabilities	1,307,589	-	-	1,307,589
Long-Term Liabilities:				
Long-Term Liabilities, Less Current Portion	5,549,727	-	-	5,549,727
Compensated Absences, Less Current Portion	7,514	-	-	7,514
Bond Premium, Net	275,688	-	-	275,688
Net Pension Liability	185,400	-	-	185,400
Net OPEB Obligation - CIS	17,496	-	-	17,496
Total Long-Term Liabilities	6,035,825	-	-	6,035,825
Total Liabilities	7,343,414	-	-	7,343,414
<u>DEFERRED INFLOW OF RESOURCES:</u>				
Pension Related Deferrals	11,356	-	-	11,356
OPEB Related Deferrals - RHIA	264	-	-	264
Total Deferred Inflows of Resources	11,620	-	-	11,620
<u>NET POSITION:</u>				
Net Investment in Capital Assets	25,499,335	-	-	25,499,335
Unrestricted	1,915,002	1,867,396	401,954	4,184,352
Total Net Position	\$ 27,414,337	\$ 1,867,396	\$ 401,954	\$ 29,683,687

CITY OF LEBANON
**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances**
WASTEWATER FUNDS
For the Fiscal Year Ended June 30, 2018

	Wastewater Utility Fund	SDC - Wastewater Improvements Fund	SDC - Wastewater Reimbursements Fund	Totals
<u>OPERATING REVENUES:</u>				
Fees and Charges	\$ 5,542,919	\$ 296,360	\$ 52,157	\$ 5,891,436
Miscellaneous Revenue	5,413	-	-	5,413
Total Operating Revenues	5,548,332	296,360	52,157	5,896,849
<u>OPERATING EXPENSES:</u>				
Personnel Services	325,108	-	-	325,108
Materials and Supplies	2,165,003	-	-	2,165,003
Depreciation	987,424	-	-	987,424
Total Operating Expenditures	3,477,535	-	-	3,477,535
Operating Income (Loss)	2,070,797	296,360	52,157	2,419,314
Investment Earnings	24,509	19,093	5,174	48,776
Interest and Fees	(253,215)	-	-	(253,215)
Total Non-Operating Revenues (Expenses)	(228,706)	19,093	5,174	(204,439)
Income Before Other Revenues, Expenses, and Transfers	1,842,091	315,453	57,331	2,214,875
<u>CAPITAL CONTRIBUTIONS AND TRANSFERS:</u>				
Interfund Transfers In	62,544	-	-	62,544
Interfund Transfers Out	(1,761,702)	(8,391)	-	(1,770,093)
Total Capital Contributions and Transfers	(1,699,158)	(8,391)	-	(1,707,549)
Changes in Net Position	142,933	307,062	57,331	507,326
Beginning Net Position - As Restated	26,594,859	1,560,334	344,623	28,499,816
Equity Transfer	676,545	-	-	676,545
Ending Net Position	\$ 27,414,337	\$ 1,867,396	\$ 401,954	\$ 29,683,687

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Wastewater Utility Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 5,188,500	\$ 5,188,500	\$ 5,537,533	\$ 349,033
Investment Earnings	10,000	10,000	24,509	14,509
Miscellaneous Revenue	-	-	5,413	5,413
Total Revenues	5,198,500	5,198,500	5,567,455	368,955
<u>EXPENDITURES:</u>				
Current:				
Personnel Services	311,478	311,478	286,490	(24,988)
Materials and Supplies	1,951,338	1,951,338	1,744,985	(206,353)
Debt Service	677,721	677,721	677,721	-
Capital Outlay	1,894,500	1,894,500	1,331,148	(563,352)
Contingency	264,305	264,305	-	(264,305)
Total Expenditures	5,099,342	5,099,342	4,040,344	(1,058,998)
Excess (Deficiency) of Revenues Over Expenditures	99,158	99,158	1,527,111	1,427,953
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	62,544	62,544	62,544	-
Interfund Transfers Out	(1,761,702)	(1,761,702)	(1,761,702)	-
Total Other Financing Sources (Uses)	(1,699,158)	(1,699,158)	(1,699,158)	-
Net Change in Fund Balance	(1,600,000)	(1,600,000)	(172,047)	1,427,953
Beginning Fund Balance - As Restated	1,600,000	1,600,000	2,289,423	689,423
Ending Fund Balance	\$ -	\$ -	\$ 2,117,376	\$ 2,117,376

Reconciliation to generally accepted accounting principles basis

Change in fund balance from above	(172,047)
Change in Bond Amortization	22,055
Change in Compensated Absences	6,668
Change in Accrued Interest	5,713
Change in Pension and OPEB Expense	(45,287)
Debt Principal Payments	1,073,283
Equity transfer for debt service payments	(676,545)
Revenue recognition of deferred inflows	5,386
Capital outlay that is capitalized	911,130
Depreciation Expense	(987,424)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 142,933</u>

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SDC - Wastewater Improvements Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
	REVENUES:			
Fees and Charges	\$ 165,000	\$ 165,000	\$ 247,078	\$ 82,078
Investment Earnings	4,500	4,500	19,093	14,593
Total Revenues	169,500	169,500	266,171	96,671
EXPENDITURES:				
Current:				
Capital Outlay	1,750,000	1,750,000	-	(1,750,000)
Contingency	101,557	101,557	-	(101,557)
Total Expenditures	1,851,557	1,851,557	-	(1,851,557)
Excess (Deficiency) of Revenues Over Expenditures	(1,682,057)	(1,682,057)	266,171	1,948,228
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	408,475	408,475	408,475	-
Interfund Transfers Out	(8,391)	(8,391)	(8,391)	-
Total Other Financing Sources (Uses)	400,084	400,084	400,084	-
Net Change in Fund Balance	(1,281,973)	(1,281,973)	666,255	1,948,228
Beginning Fund Balance - As Restated	1,281,973	1,281,973	1,086,901	(195,072)
Ending Fund Balance	\$ -	\$ -	\$ 1,753,156	\$ 1,753,156

Reconciliation to generally accepted accounting principles basis

Changes in fund balance from above	666,255
Interfund Loan Payments	(408,475)
Revenue recognition of deferred inflows	49,282
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 307,062</u>

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SDC - Wastewater Reimbursements Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 92,000	\$ 92,000	\$ 43,465	\$ (48,535)
Investment Earnings	1,650	1,650	5,174	3,524
Total Revenues	93,650	93,650	48,639	(45,011)
<u>EXPENDITURES:</u>				
Current:				
Capital Outlay	400,000	400,000	-	(400,000)
Contingency	63,120	63,120	-	(63,120)
Total Expenditures	463,120	463,120	-	(463,120)
Net Change in Fund Balance	(369,470)	(369,470)	48,639	418,109
Beginning Fund Balance - As Restated	369,470	369,470	333,265	(36,205)
Ending Fund Balance	\$ -	\$ -	\$ 381,904	\$ 381,904
Reconciliation to generally accepted accounting principles basis				
Changes in fund balance from above			48,639	
Revenue recognition of deferred inflows			8,692	
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position			<u>\$ 57,331</u>	

CITY OF LEBANON
COMBINING STATEMENT OF NET POSITION
STORM DRAINAGE FUNDS
June 30, 2018

	Storm Drain Utility Fund	SDC - Drainage Improvements Fund	SDC - Drainage Reimbursements Fund	Totals
<u>ASSETS:</u>				
Current Assets:				
Cash and Investments	\$ 425,840	\$ 128,292	\$ 14,683	\$ 568,815
Accounts Receivable	57,881	623	36	58,540
Total Current Assets	483,721	128,915	14,719	627,355
Capital Assets:				
Land and Construction In Progress	109,950	-	-	109,950
Capital Assets, Net of Depreciation	276,429	-	-	276,429
Total Capital Assets	386,379	-	-	386,379
Total Assets	870,100	128,915	14,719	1,013,734
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts Payable	22,515	-	-	22,515
Total Current Liabilities	22,515	-	-	22,515
Total Liabilities	22,515	-	-	22,515
<u>NET POSITION:</u>				
Net Investment in Capital Assets	386,379	-	-	386,379
Unrestricted	461,206	128,915	14,719	604,840
Total Net Position	\$ 847,585	\$ 128,915	\$ 14,719	\$ 991,219

CITY OF LEBANON
**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances**
STORM DRAINAGE FUNDS
For the Fiscal Year Ended June 30, 2018

	<u>Storm Drain Utility Fund</u>	<u>SDC - Drainage Improvements Fund</u>	<u>SDC - Drainage Reimbursements Fund</u>	<u>Totals</u>
<u>OPERATING REVENUES:</u>				
Fees and Charges	\$ 464,898	\$ 13,282	\$ 2,215	\$ 480,395
Miscellaneous Revenue	2,082	-	-	2,082
Total Operating Revenues	466,980	13,282	2,215	482,477
<u>OPERATING EXPENSES:</u>				
Materials and Supplies	35,130	-	-	35,130
Depreciation	5,558	-	-	5,558
Total Operating Expenditures	40,688	-	-	40,688
Operating Income (Loss)	426,292	13,282	2,215	441,789
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Investment Earnings	5,206	1,442	185	6,833
Total Non-Operating Revenues (Expenses)	5,206	1,442	185	6,833
Income Before Other Revenues, Expenses, and Transfe	431,498	14,724	2,400	448,622
<u>CAPITAL CONTRIBUTIONS AND TRANFERS:</u>				
Interfund Transfers Out	(271,003)	(8,391)	-	(279,394)
Total Capital Contributions and Transfers	(271,003)	(8,391)	-	(279,394)
Changes in Net Position	160,495	6,333	2,400	169,228
Beginning Net Position - As Restated	687,090	122,582	12,319	821,991
Ending Net Position	\$ 847,585	\$ 128,915	\$ 14,719	\$ 991,219

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Storm Drain Utility Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 453,000	\$ 453,000	\$ 464,898	\$ 11,898
Investment Earnings	1,700	1,700	5,206	3,506
Miscellaneous Revenue	-	-	2,082	2,082
Total Revenues	454,700	454,700	472,186	17,486
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	83,600	83,600	45,080	(38,520)
Capital Outlay	390,000	390,000	50,000	(340,000)
Contingency	21,698	21,698	-	(21,698)
Total Expenditures	495,298	495,298	95,080	(400,218)
Excess (Deficiency) of Revenues Over Expenditures	(40,598)	(40,598)	377,106	417,704
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers Out	(271,003)	(271,003)	(271,003)	-
Total Other Financing Sources (Uses)	(271,003)	(271,003)	(271,003)	-
Net Change in Fund Balance	(311,601)	(311,601)	106,103	417,704
Beginning Fund Balance - As Restated	311,601	311,601	355,103	43,502
Ending Fund Balance	\$ -	\$ -	\$ 461,206	\$ 461,206
Reconciliation to generally accepted accounting principles basis				
Ending fund balance from above			106,103	
Capital outlay that is capitalized			59,950	
Depreciation Expense			(5,558)	
Ending Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position			<u>\$ 160,495</u>	

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

SDC - Drainage Improvements Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 20,000	\$ 20,000	\$ 13,311	\$ (6,689)
Investment Earnings	100	100	1,442	1,342
Total Revenues	20,100	20,100	14,753	(5,347)
<u>EXPENDITURES:</u>				
Current:				
Capital Outlay	120,000	120,000	-	(120,000)
Contingency	63,510	63,510	-	(63,510)
Total Expenditures	183,510	183,510	-	(183,510)
Excess (Deficiency) of Revenues Over Expenditures	(163,410)	(163,410)	14,753	178,163
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	51,865	51,865	51,865	-
Interfund Transfers Out	(8,391)	(8,391)	(8,391)	-
Total Other Financing Sources (Uses)	43,474	43,474	43,474	-
Net Change in Fund Balance	(119,936)	(119,936)	58,227	178,163
Beginning Fund Balance - As Restated	119,936	119,936	70,065	(49,871)
Ending Fund Balance	\$ -	\$ -	\$ 128,292	\$ 128,292

Reconciliation to generally accepted accounting principles basis

Changes in fund balance from above	58,227
Interfund Loan Payments	(51,865)
Revenue recognition of deferred inflows	(29)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 6,333</u>

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SDC - Drainage Reimbursements Fund For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
REVENUES:				
Fees and Charges	\$ 5,000	\$ 5,000	\$ 2,220	\$ (2,780)
Investment Earnings	50	50	185	135
Total Revenues	5,050	5,050	2,405	(2,645)
EXPENDITURES:				
Current:				
Capital Outlay	6,000	6,000	-	(6,000)
Contingency	5,050	5,050	-	(5,050)
Total Expenditures	11,050	11,050	-	(11,050)
Net Change in Fund Balance	(6,000)	(6,000)	2,405	8,405
Beginning Fund Balance - As Restated	6,000	6,000	12,278	6,278
Ending Fund Balance	\$ -	\$ -	\$ 14,683	\$ 14,683

Reconciliation to generally accepted accounting principles basis

Changes in fund balance from above	2,405
Revenue recognition of deferred inflows	(5)
Change in Net Position as Reported in Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 2,400</u>

CITY OF LEBANON

COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2018

	Motel Tax Fund #510	Youth Court Fund #515	Police Reserves Fund #516	Building Inspection Fund #527	Park Enterprise Fund #533	Parks Grant Fund #535	GIS Fund #540	Info System Service Fund #542	Custodial & Maint Services Fund #545	State Foot & Bike Path Fund #550	Eng Development Review Fund #555	Street Maintenance Fund #558	Equitable Sharing (US Marshals) Fund #562	Dial-A-Bus Fund #569	STP Street Project Fund #571	Boat Ramps Fund #593	Totals
ASSETS:																	
Cash and Investments	\$ 137,775	\$ 340	\$ 5,464	\$ 625,139	\$ 223,713	\$ -	\$ 58,969	\$ 162,536	\$ 158,887	\$ 27,750	\$ 119,217	\$ 166,488	\$ 3,639	\$ 34,198	\$ 1,972	\$ 4,779	\$ 1,730,866
Accounts Receivable	72,976	-	-	-	-	-	-	2,625	-	2,564	-	102,843	-	81,411	-	-	262,419
Total Assets	\$ 210,751	\$ 340	\$ 5,464	\$ 625,139	\$ 223,713	\$ -	\$ 58,969	\$ 165,161	\$ 158,887	\$ 30,314	\$ 119,217	\$ 269,331	\$ 3,639	\$ 115,609	\$ 1,972	\$ 4,779	\$ 1,993,285
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:																	
LIABILITIES:																	
Accounts Payable	\$ 20,393	\$ 27	\$ -	\$ 16,304	\$ 17,367	\$ 46,955	\$ 1,711	\$ 11,114	\$ 338	\$ -	\$ -	\$ 31,497	\$ -	\$ 2,794	\$ -	\$ 124	\$ 148,624
Due to Other Funds	-	-	-	-	-	14,114	-	-	-	-	-	-	-	-	-	-	14,114
Total Liabilities	20,393	27	-	16,304	17,367	61,069	1,711	11,114	338	-	-	31,497	-	2,794	-	124	162,738
DEFERRED INFLOWS OF RESOURCES:																	
Unavailable Revenue - Bike Path	-	-	-	-	-	-	-	-	-	1,533	-	-	-	-	-	-	1,533
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	1,533	-	-	-	-	-	-	1,533
FUND BALANCES:																	
Committed for:																	
Community Development Proj	190,358	313	-	608,835	-	-	57,258	154,047	158,549	28,781	119,217	-	3,639	-	-	-	1,320,997
Public Works	-	-	5,464	-	-	-	-	-	-	-	-	237,834	-	-	1,972	-	245,270
Parks and Recreation Program	-	-	-	-	206,346	-	-	-	-	-	-	-	-	112,815	-	4,655	323,816
Unassigned	-	-	-	-	-	(61,069)	-	-	-	-	-	-	-	-	-	-	(61,069)
Total Fund Balances	190,358	313	5,464	608,835	206,346	(61,069)	57,258	154,047	158,549	28,781	119,217	237,834	3,639	112,815	1,972	4,655	1,829,014
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 210,751	\$ 340	\$ 5,464	\$ 625,139	\$ 223,713	\$ -	\$ 58,969	\$ 165,161	\$ 158,887	\$ 30,314	\$ 119,217	\$ 269,331	\$ 3,639	\$ 115,609	\$ 1,972	\$ 4,779	\$ 1,993,285

CITY OF LEBANON

**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances**

NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2018

	Motor Tax Fund #510	Youth Court Fund #515	Police Reserves Fund #516	Building Inspection Fund #527	Park Enterprise Fund #533	Parks Grant Fund #535	GIS Fund #540	Info System Service Fund #542	Custodial & Maint Services Fund #545	State Foot & Bike Path Fund #550	Eng Development Review Fund #555	Street Maintenance Fund #558	Equitable Sharing (US Marshal) Fund #562	School Resource Officer Fund #564	Dial-A-Bus Fund #569	STP Street Project Fund #571	Boat Ramps Fund #593	Totals	
REVENUES:																			
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,009	\$ -	\$ 1,060,972	\$ -	\$ 78,925	\$ -	\$ -	\$ -	\$ 1,149,906	
Transient Room Taxes	276,203	-	-	416,360	123,552	-	-	33,411	-	-	123,451	8,800	731,731	-	26,157	-	-	277,077	
Fees and Charges	-	-	-	7,066	2,510	(2,187)	972	2,283	2,301	276	736	2,258	21,895	(150)	302	26	66	21,895	
Investment Earnings	5,327	4	57	-	10,754	42,006	-	-	-	-	-	-	-	-	329,470	-	-	386,560	
Grants and Contributions	-	385	3,945	-	100,121	-	-	-	-	-	-	7,818	-	-	597	-	-	108,336	
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenues	281,530	389	4,002	423,426	237,811	39,819	972	35,694	2,301	10,285	124,187	1,079,848	48	78,775	356,326	26	66	1,426,983	
EXPENDITURES:																			
Current:																			
General Government	-	-	-	184,998	-	-	-	620,642	146,726	-	-	-	-	-	-	-	-	952,366	
Public Safety	-	164	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	369	
Highways and Streets	-	-	-	-	-	-	-	-	-	-	-	689,953	-	-	-	-	-	689,953	
Culture and Recreation	91,643	-	-	-	99,887	51	-	-	-	-	-	-	-	-	202,485	-	2,876	396,942	
Community Planning	-	-	-	-	-	-	48,923	-	-	-	2,684	-	-	-	-	-	-	51,607	
Capital Outlay	30,276	-	-	-	68,591	134,166	3,500	38,011	-	-	-	273	-	-	71,375	-	-	346,192	
Total Expenditures	121,919	164	205	184,998	168,478	134,217	52,423	658,653	146,726	-	2,684	690,226	-	78,775	273,860	-	2,876	2,437,429	
Excess (Deficiency) of Revenues Over Expenditures	159,611	225	3,797	238,428	69,333	(94,398)	(51,451)	(622,959)	(144,425)	10,285	121,503	389,622	48	78,775	82,466	26	(2,810)	238,076	
OTHER FINANCING SOURCES (USES):																			
Interfund Transfers In	-	-	-	-	-	-	98,206	746,706	238,944	-	-	57,642	-	-	-	-	-	1,141,498	
Interfund Transfers Out	(107,000)	-	-	(235,277)	(22,920)	-	(105,264)	(106,081)	(11,899)	-	(69,445)	(381,158)	-	(85,272)	(20,243)	-	-	(1,144,559)	
Net Change in Fund Balance	52,611	225	3,797	3,151	46,413	(94,398)	(58,509)	17,666	82,620	10,285	52,058	66,106	48	(6,497)	62,223	26	(2,810)	235,015	
Beginning Fund Balance - As Restated	137,747	88	1,667	605,684	159,933	33,329	115,767	136,381	75,929	18,496	67,159	171,728	3,591	6,497	50,592	1,946	7,465	1,593,999	
Ending Fund Balance	\$ 190,358	\$ 313	\$ 5,464	\$ 608,835	\$ 206,346	\$ (61,069)	\$ 57,258	\$ 154,047	\$ 158,549	\$ 28,781	\$ 119,217	\$ 237,834	\$ 3,639	\$ -	\$ 112,815	\$ 1,972	\$ 4,655	\$ 1,829,014	

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Motel Tax Fund #510

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Transient Room Taxes	\$ 280,000	\$ 280,000	\$ 276,203	\$ (3,797)
Investment Earnings	-	-	5,327	5,327
Total Revenues	280,000	280,000	281,530	1,530
EXPENDITURES:				
Current:				
Materials and Supplies	110,000	110,000	91,643	(18,357)
Capital Outlay	98,000	98,000	30,276	(67,724)
Contingency	10,000	10,000	-	(10,000)
Total Expenditures	218,000	218,000	121,919	(96,081)
Excess (Deficiency) of Revenues Over Expenditures	62,000	62,000	159,611	97,611
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(107,000)	(107,000)	(107,000)	-
Total Other Financing Sources (Uses)	(107,000)	(107,000)	(107,000)	-
Net Change in Fund Balance	(45,000)	(45,000)	52,611	97,611
Beginning Fund Balance - As Restated	45,000	45,000	137,747	92,747
Ending Fund Balance	\$ -	\$ -	\$ 190,358	\$ 190,358

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Youth Court Fund #515

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 4	\$ 4
Grants and Contributions	5,000	5,000	385	(4,615)
Total Revenues	5,000	5,000	389	(4,611)
EXPENDITURES:				
Current:				
Materials and Supplies	5,050	5,050	164	(4,886)
Total Expenditures	5,050	5,050	164	(4,886)
Net Change in Fund Balance	(50)	(50)	225	275
Beginning Fund Balance - As Restated	50	50	88	38
Ending Fund Balance	\$ -	\$ -	\$ 313	\$ 313

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Police Reserves Fund #516

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 57	\$ 57
Grants and Contributions	10,000	10,000	3,945	(6,055)
Total Revenues	10,000	10,000	4,002	(5,998)
EXPENDITURES:				
Current:				
Materials and Supplies	-	-	205	205
Contingency	10,000	10,000	-	(10,000)
Total Expenditures	10,000	10,000	205	(9,795)
Net Change in Fund Balance	-	-	3,797	3,797
Beginning Fund Balance - As Restated	-	-	1,667	1,667
Ending Fund Balance	\$ -	\$ -	\$ 5,464	\$ 5,464

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Building Inspection Fund #527

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 250,000	\$ 250,000	\$ 416,360	\$ 166,360
Investment Earnings	4,000	4,000	7,066	3,066
Total Revenues	254,000	254,000	423,426	169,426
EXPENDITURES:				
Current:				
Materials and Supplies	128,125	188,125	184,998	(3,127)
Contingency	365,598	305,598	-	(305,598)
Total Expenditures	493,723	493,723	184,998	(308,725)
Excess (Deficiency) of Revenues Over Expenditures	(239,723)	(239,723)	238,428	478,151
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(235,277)	(235,277)	(235,277)	-
Total Other Financing Sources (Uses)	(235,277)	(235,277)	(235,277)	-
Net Change in Fund Balance	(475,000)	(475,000)	3,151	478,151
Beginning Fund Balance - As Restated	475,000	475,000	605,684	130,684
Ending Fund Balance	\$ -	\$ -	\$ 608,835	\$ 608,835

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Park Enterprise Fund #533

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Transient Room Taxes	\$ 300	\$ 300	\$ 874	\$ 574
Fees and Charges	98,000	98,000	123,552	25,552
Investment Earnings	700	700	2,510	1,810
Grants and Contributions	8,500	8,500	10,754	2,254
Miscellaneous Revenue	100,000	100,000	100,121	121
Total Revenues	207,500	207,500	237,811	30,311
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	142,500	142,500	99,887	(42,613)
Capital Outlay	88,000	88,000	68,591	(19,409)
Contingency	23,811	23,811	-	(23,811)
Total Expenditures	254,311	254,311	168,478	(85,833)
Excess (Deficiency) of Revenues Over Expenditures	(46,811)	(46,811)	69,333	116,144
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers Out	(22,920)	(22,920)	(22,920)	-
Total Other Financing Sources (Uses)	(22,920)	(22,920)	(22,920)	-
Net Change in Fund Balance	(69,731)	(69,731)	46,413	116,144
Beginning Fund Balance - As Restated	69,731	69,731	159,933	90,202
Ending Fund Balance	\$ -	\$ -	\$ 206,346	\$ 206,346

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Parks Grant Fund #535

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ (2,187)	\$ (2,187)
Grants and Contributions	650,000	650,000	42,006	(607,994)
Total Revenues	650,000	650,000	39,819	(610,181)
EXPENDITURES:				
Current:				
Materials and Supplies	-	-	50	50
Capital Outlay	650,000	650,000	134,166	(515,834)
Contingency	25,000	25,000	-	(25,000)
Total Expenditures	675,000	675,000	134,216	(540,784)
Net Change in Fund Balance	(25,000)	(25,000)	(94,397)	(69,397)
Beginning Fund Balance - As Restated	25,000	25,000	33,329	8,329
Ending Fund Balance	\$ -	\$ -	\$ (61,068)	\$ (61,068)

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

GIS Fund #540

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Investment Earnings	\$ 500	\$ 500	\$ 972	\$ 472
Total Revenues	500	500	972	472
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	62,971	62,971	48,923	(14,048)
Capital Outlay	3,500	3,500	3,500	-
Contingency	26,971	26,971	-	(26,971)
Total Expenditures	93,442	93,442	52,423	(41,019)
Excess (Deficiency) of Revenues Over Expenditures	(92,942)	(92,942)	(51,451)	41,491
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	98,206	98,206	98,206	-
Interfund Transfers Out	(105,264)	(105,264)	(105,264)	-
Total Other Financing Sources (Uses)	(7,058)	(7,058)	(7,058)	-
Net Change in Fund Balance	(100,000)	(100,000)	(58,509)	41,491
Beginning Fund Balance - As Restated	100,000	100,000	115,767	15,767
Ending Fund Balance	\$ -	\$ -	\$ 57,258	\$ 57,258

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Info System Service Fund #542

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	25,500	25,500	33,411	7,911
Investment Earnings	500	500	2,283	1,783
Total Revenues	26,000	26,000	35,694	9,694
EXPENDITURES:				
Current:				
Personnel Services	389,976	389,976	343,064	(46,912)
Materials and Supplies	292,145	292,145	277,578	(14,567)
Capital Outlay	39,250	39,250	38,011	(1,239)
Contingency	8,254	8,254	-	(8,254)
Total Expenditures	729,625	729,625	658,653	(70,972)
Excess (Deficiency) of Revenues Over Expenditures	(703,625)	(703,625)	(622,959)	80,666
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	746,706	746,706	746,706	-
Interfund Transfers Out	(106,081)	(106,081)	(106,081)	-
Total Other Financing Sources (Uses)	640,625	640,625	640,625	-
Net Change in Fund Balance	(63,000)	(63,000)	17,666	80,666
Beginning Fund Balance - As Restated	63,000	63,000	136,381	73,381
Ending Fund Balance	\$ -	\$ -	\$ 154,047	\$ 154,047

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Custodial & Maint Services Fund #545 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ 500	\$ 500	\$ 2,301	\$ 1,801
Total Revenues	500	500	2,301	1,801
EXPENDITURES:				
Current:				
Personnel Services	200,824	200,824	111,842	(88,982)
Materials and Supplies	54,300	54,300	34,885	(19,415)
Contingency	6,421	6,421	-	(6,421)
Total Expenditures	261,545	261,545	146,727	(114,818)
Excess (Deficiency) of Revenues Over Expenditures	(261,045)	(261,045)	(144,426)	116,619
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	238,944	238,944	238,944	-
Interfund Transfers Out	(11,899)	(11,899)	(11,899)	-
Total Other Financing Sources (Uses)	227,045	227,045	227,045	-
Net Change in Fund Balance	(34,000)	(34,000)	82,619	116,619
Beginning Fund Balance - As Restated	34,000	34,000	75,929	41,929
Ending Fund Balance	\$ -	\$ -	\$ 158,548	\$ 158,548

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

State Foot & Bike Path Fund #550

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 9,000	\$ 9,000	\$ 10,009	\$ 1,009
Investment Earnings	-	-	276	276
Total Revenues	9,000	9,000	10,285	1,285
EXPENDITURES:				
Current:				
Capital Outlay	23,000	23,000	-	(23,000)
Contingency	3,000	3,000	-	(3,000)
Total Expenditures	26,000	26,000	-	(26,000)
Net Change in Fund Balance	(17,000)	(17,000)	10,285	27,285
Beginning Fund Balance - As Restated	17,000	17,000	18,496	1,496
Ending Fund Balance	\$ -	\$ -	\$ 28,781	\$ 28,781

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Eng Development Review Fund #555

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 33,000	\$ 33,000	\$ 123,451	\$ 90,451
Investment Earnings	-	-	736	736
Total Revenues	33,000	33,000	124,187	91,187
EXPENDITURES:				
Current:				
Materials and Supplies	14,000	14,000	2,684	(11,316)
Contingency	597	597	-	(597)
Total Expenditures	14,597	14,597	2,684	(11,913)
Excess (Deficiency) of Revenues Over Expenditures	18,403	18,403	121,503	103,100
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(69,445)	(69,445)	(69,445)	-
Total Other Financing Sources (Uses)	(69,445)	(69,445)	(69,445)	-
Net Change in Fund Balance	(51,042)	(51,042)	52,058	103,100
Beginning Fund Balance - As Restated	51,042	51,042	67,159	16,117
Ending Fund Balance	\$ -	\$ -	\$ 119,217	\$ 119,217

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Street Maintenance Fund #558

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 972,147	\$ 972,147	\$ 1,060,972	\$ 88,825
Fees and Charges	10,600	10,600	8,800	(1,800)
Investment Earnings	1,300	1,300	2,258	958
Miscellaneous Revenue	4,500	4,500	7,818	3,318
Total Revenues	988,547	988,547	1,079,848	91,301
EXPENDITURES:				
Current:				
Personnel Services	341,128	341,128	309,915	(31,213)
Materials and Supplies	367,810	367,810	380,038	12,228
Capital Outlay	-	-	273	273
Contingency	11,093	11,093	-	(11,093)
Total Expenditures	720,031	720,031	690,226	(29,805)
Excess (Deficiency) of Revenues Over Expenditures	268,516	268,516	389,622	121,106
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	57,642	57,642	57,642	-
Interfund Transfers Out	(381,158)	(381,158)	(381,158)	-
Total Other Financing Sources (Uses)	(323,516)	(323,516)	(323,516)	-
Net Change in Fund Balance	(55,000)	(55,000)	66,106	121,106
Beginning Fund Balance - As Restated	55,000	55,000	171,728	116,728
Ending Fund Balance	\$ -	\$ -	\$ 237,834	\$ 237,834

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Equitable Sharing (US Marshal) Fund #562 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 48	\$ 48
Total Revenues	-	-	48	48
EXPENDITURES:				
Current:				
Materials and Supplies	3,590	3,590	-	(3,590)
Total Expenditures	3,590	3,590	-	(3,590)
Net Change in Fund Balance	(3,590)	(3,590)	48	3,638
Beginning Fund Balance - As Restated	3,590	3,590	3,591	1
Ending Fund Balance	\$ -	\$ -	\$ 3,639	\$ 3,639

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

School Resource Officer Fund #564

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 89,255	\$ 89,255	\$ 78,925	\$ (10,330)
Investment Earnings	-	-	(150)	(150)
Total Revenues	89,255	89,255	78,775	(10,480)
EXPENDITURES:				
Current:				
Contingency	5,800	5,800	-	(5,800)
Total Expenditures	5,800	5,800	-	(5,800)
Excess (Deficiency) of Revenues Over Expenditures	83,455	83,455	78,775	(4,680)
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(89,255)	(89,255)	(85,272)	(3,983)
Total Other Financing Sources (Uses)	(89,255)	(89,255)	(85,272)	3,983
Net Change in Fund Balance	(5,800)	(5,800)	(6,497)	(697)
Beginning Fund Balance - As Restated	5,800	5,800	6,497	697
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Dial-A-Bus Fund #569

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 31,000	\$ 31,000	\$ 26,157	\$ (4,843)
Investment Earnings	-	-	302	302
Grants and Contributions	314,168	314,168	329,470	15,302
Miscellaneous Revenue	1,500	1,500	397	(1,103)
Total Revenues	346,668	346,668	356,326	9,658
EXPENDITURES:				
Current:				
Personnel Services	194,460	194,460	146,917	(47,543)
Materials and Supplies	55,950	55,950	55,568	(382)
Capital Outlay	78,000	78,000	71,375	(6,625)
Contingency	33,015	33,015	-	(33,015)
Total Expenditures	361,425	361,425	273,860	(87,565)
Excess (Deficiency) of Revenues Over Expenditures	(14,757)	(14,757)	82,466	97,223
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers Out	(20,243)	(20,243)	(20,243)	-
Total Other Financing Sources (Uses)	(20,243)	(20,243)	(20,243)	-
Net Change in Fund Balance	(35,000)	(35,000)	62,223	97,223
Beginning Fund Balance - As Restated	35,000	35,000	50,592	15,592
Ending Fund Balance	\$ -	\$ -	\$ 112,815	\$ 112,815

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

STP Street Project Fund #571

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 26	\$ 26
Grants and Contributions	575,000	575,000	-	(575,000)
Total Revenues	575,000	575,000	26	(574,974)
EXPENDITURES:				
Current:				
Capital Outlay	575,000	575,000	-	(575,000)
Contingency	1,916	1,916	-	(1,916)
Total Expenditures	576,916	576,916	-	(576,916)
Net Change in Fund Balance	(1,916)	(1,916)	26	1,942
Beginning Fund Balance - As Restated	1,916	1,916	1,946	30
Ending Fund Balance	\$ -	\$ -	\$ 1,972	\$ 1,972

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Boat Ramps Fund #593

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 66	\$ 66
Grants and Contributions	8,000	8,000	-	(8,000)
Total Revenues	8,000	8,000	66	(7,934)
EXPENDITURES:				
Current:				
Personnel Services	1,110	1,110	-	(1,110)
Materials and Supplies	5,600	5,600	2,876	(2,724)
Capital Outlay	4,629	4,629	-	(4,629)
Total Expenditures	11,339	11,339	2,876	(8,463)
Net Change in Fund Balance	(3,339)	(3,339)	(2,810)	529
Beginning Fund Balance - As Restated	3,339	3,339	7,465	4,126
Ending Fund Balance	\$ -	\$ -	\$ 4,655	\$ 4,655

OTHER
SUPPLEMENTARY
INFORMATION

Debt Service Funds

CITY OF LEBANON

COMBINING BALANCE SHEET NON-MAJOR DEBT SERVICE FUNDS

June 30, 2018

	Faith & Credit Bond Fund #314	Faith & Credit Bond Fund #317	Pension Bond Series 2002 Fund #320	Totals
ASSETS:				
Cash and Investments	\$ 253,761	\$ 9,611	\$ 1,347	\$ 264,719
Accounts Receivable	2,594	-	-	2,594
Property Taxes Receivable	148,871	-	-	148,871
Total Assets	\$ 405,226	\$ 9,611	\$ 1,347	\$ 416,184
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	142,318	-	-	142,318
Total Deferred Inflows of Resources	142,318	-	-	142,318
FUND BALANCES:				
Restricted for:				
Debt Service	262,908	9,611	1,347	273,866
Total Fund Balances	262,908	9,611	1,347	273,866
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 405,226	\$ 9,611	\$ 1,347	\$ 416,184

CITY OF LEBANON
**Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances**
NON-MAJOR DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018

	G.O. Full Faith & Credit Bond Fund #314	2013 Full Faith & Credit Bond Fund #317	Pension Bond Series 2002 Fund #320	Totals
<u>REVENUES:</u>				
Property Taxes	\$ 1,474,626	\$ -	\$ -	\$1,474,626
Investment Earnings	19,950	5,924	877	26,751
Total Revenues	1,494,576	5,924	877	1,474,626
<u>EXPENDITURES:</u>				
Debt Service	1,845,924	1,369,700	202,252	3,417,876
Total Expenditures	1,845,924	1,369,700	202,252	3,417,876
Excess (Deficiency) of Revenues Over Expenditures	(351,348)	(1,363,776)	(201,375)	(1,916,499)
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfers In	403,900	1,369,700	202,270	1,975,870
Net Change in Fund Balance	52,552	5,924	895	59,371
Beginning Fund Balance - As Restated	210,356	3,687	452	214,495
Ending Fund Balance	\$ 262,908	\$ 9,611	\$ 1,347	\$ 273,866

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual G.O. Full Faith & Credit Bond Fund #314 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes	\$ 1,421,524	\$ 1,421,524	\$ 1,474,626	\$ 53,102
Investment Earnings	1,500	1,500	19,950	18,450
Total Revenues	1,423,024	1,423,024	1,494,576	71,552
<u>EXPENDITURES:</u>				
Current:				
Debt Service	1,845,924	1,845,924	1,845,924	-
Total Expenditures	1,845,924	1,845,924	1,845,924	-
Excess (Deficiency) of Revenues Over Expenditures	(422,900)	(422,900)	(351,348)	71,552
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	403,900	403,900	403,900	-
Total Other Financing Sources (Uses)	403,900	403,900	403,900	-
Net Change in Fund Balance	(19,000)	(19,000)	52,552	71,552
Beginning Fund Balance - As Restated	99,000	99,000	210,356	111,356
ENDING FUND BALANCE	\$ 80,000	\$ 80,000	\$ 262,908	\$ 182,908

CITY OF LEBANON

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
2013 Full Faith & Credit Bond Fund #317 (A Non-Major Fund)
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Investment Earnings	\$ -	\$ -	\$ 5,924	\$ 5,924
Total Revenues	-	-	5,924	5,924
<u>EXPENDITURES:</u>				
Current:				
Debt Service	1,369,700	1,369,700	1,369,700	-
Total Expenditures	1,369,700	1,369,700	1,369,700	-
Excess (Deficiency) of Revenues Over Expenditures	(1,369,700)	(1,369,700)	(1,363,776)	5,924
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	1,369,700	1,369,700	1,369,700	-
Total Other Financing Sources (Uses)	1,369,700	1,369,700	1,369,700	-
Net Change in Fund Balance	-	-	5,924	5,924
Beginning Fund Balance - As Restated	-	-	3,687	3,687
Ending Fund Balance	\$ -	\$ -	\$ 9,611	\$ 9,611

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Pension Bond Series 2002 Fund #320 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Investment Earnings	\$ -	\$ -	\$ 877	\$ 877
Total Revenues	-	-	877	877
<u>EXPENDITURES:</u>				
Current:				
Debt Service	202,270	202,270	202,252	(18)
Total Expenditures	202,270	202,270	202,252	(18)
Excess (Deficiency) of Revenues Over Expenditures	(202,270)	(202,270)	(201,375)	895
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers In	202,270	202,270	202,270	-
Total Other Financing Sources (Uses)	202,270	202,270	202,270	-
Net Change in Fund Balance	-	-	895	895
Beginning Fund Balance - As Restated	-	-	452	452
Ending Fund Balance	\$ -	\$ -	\$ 1,347	\$ 1,347

OTHER
SUPPLEMENTARY
INFORMATION

Capital Projects Funds

CITY OF LEBANON

COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS

June 30, 2018

	State Hwy Signal Maint Fund #815	Equipment Acquisition & Replacement Fund #820	Pioneer Cemetery Restoration Trust Fund #825	Police Trust Fund #829	Library Trust Fund #830	Library Bldg Trust Fund #833	Senior Services Trust Fund #835	Snedaker Trust Fund #838	Streets Capital Projects Fund #840	Infrastructure Deferral Fund #845	SDC - Parks Improvements Fund #862	SDC - Parks Reimbursements Fund #863	SDC - Street Reimbursements Fund #883	Totals
Cash and Investments	\$ 21,415	\$ 1,610,386	\$ 9,678	\$ 13,759	\$ 158,409	\$ 30,846	\$ 168,422	\$ 22,403	\$ 407,351	\$ 58,462	\$ 701,063	\$ 395	\$ 121,982	\$ 3,324,571
Accounts Receivable	-	-	-	100	-	-	-	-	-	-	17,368	90	88,761	106,319
Total Assets	\$ 21,415	\$ 1,610,386	\$ 9,678	\$ 13,859	\$ 158,409	\$ 30,846	\$ 168,422	\$ 22,403	\$ 407,351	\$ 58,462	\$ 718,431	\$ 485	\$ 210,743	\$ 3,430,890
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:														
LIABILITIES:														
Accounts Payable	\$ -	\$ -	\$ -	\$ 996	\$ 108	\$ -	\$ 1,066	\$ -	\$ 89,063	\$ -	\$ 2,712	\$ -	\$ -	\$ 113,964
Deposit Payable	-	-	-	-	145	-	-	-	-	-	-	-	-	145
Total Liabilities	-	-	-	996	253	-	1,066	-	89,063	-	2,712	-	-	114,109
DEFERRED INFLOWS OF RESOURCES:														
Unavailable Revenue - Special Ass	-	-	-	-	-	-	-	-	-	-	17,368	90	88,761	106,219
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	17,368	90	88,761	106,219
FUND BALANCES:														
Restricted for:														
Capital Projects	21,415	1,610,386	9,678	12,863	158,156	30,846	167,356	22,403	318,288	58,462	698,351	395	101,963	3,210,562
Total Fund Balances	21,415	1,610,386	9,678	12,863	158,156	30,846	167,356	22,403	318,288	58,462	698,351	395	101,963	3,210,562
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 21,415	\$ 1,610,386	\$ 9,678	\$ 13,859	\$ 158,409	\$ 30,846	\$ 168,422	\$ 22,403	\$ 407,351	\$ 58,462	\$ 718,431	\$ 485	\$ 210,743	\$ 3,430,890

CITY OF LEBANON
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2018

	State Hwy Signal Maint Fund #815	Equipment Acquisition & Replacement Fund #820	Pioneer Cemetery Restoration Trust Fund #825	Police Trust Fund #829	Library Trust Fund #830	Library Bldg Trust Fund #833	Senior Services Trust Fund #835	Snelaker Trust Fund #838	Streets Capital Projects Fund #840	Infrastructure Deferral Fund #845	SDC - Parks Improvements Fund #862	SDC - Parks Reimbursements Fund #863	SDC - Street Reimbursements Fund #883	Totals
REVENUES:														
Fees and Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,930	\$ -	\$ -	\$ -	\$ 286,475	\$ -	\$ 43,635	\$ 335,040
Investment Earnings	343	21,023	120	173	1,979	410	2,232	306	3,769	775	10,862	(17)	2,858	44,833
Grants and Contributions	-	-	-	7,660	42,107	-	6,060	-	638,626	-	-	-	-	694,453
Miscellaneous Revenue	-	1,250	-	-	-	-	579	-	-	-	-	-	-	1,829
Total Revenues	343	22,273	120	7,833	44,086	410	13,801	306	642,395	775	297,337	(17)	46,493	-
EXPENDITURES:														
Current:														
Public Safety	-	-	-	5,878	-	-	-	-	-	-	-	-	-	5,878
Highways and Streets	-	-	-	-	-	-	-	-	157	-	-	-	-	157
Culture and Recreation	-	-	-	-	37,756	279	10,188	1,669	-	-	-	-	-	49,892
Capital Outlay	-	195,453	-	-	-	-	-	-	697,615	-	319,998	-	87,411	1,300,477
Total Expenditures	-	195,453	-	5,878	37,756	279	10,188	1,669	697,772	-	319,998	-	87,411	1,356,404
Excess (Deficiency) of Revenues Over Expenditures	343	(173,180)	120	1,955	6,330	131	3,613	(1,363)	(55,377)	775	(22,661)	(17)	(40,918)	(280,249)
OTHER FINANCING SOURCES (USES):														
Interfund Transfers In	-	508,250	-	-	-	-	-	-	55,000	-	84,772	-	-	648,022
Interfund Transfers Out	(12,642)	-	-	-	-	-	-	-	-	-	(8,391)	-	-	(21,033)
Net Change in Fund Balance	(12,299)	335,070	120	1,955	6,330	131	3,613	(1,363)	(377)	775	53,720	(17)	(40,918)	346,740
Beginning Fund Balance - As Restated	33,714	1,275,316	9,558	10,908	151,826	30,715	163,743	23,766	318,665	57,687	644,631	412	142,881	2,863,822
Ending Fund Balance	\$ 21,415	\$ 1,610,386	\$ 9,678	\$ 12,863	\$ 158,156	\$ 30,846	\$ 167,356	\$ 22,403	\$ 318,288	\$ 58,462	\$ 698,351	\$ 395	\$ 101,963	\$ 3,210,562

CITY OF LEBANON

**Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
State Hwy Signal Maint Fund #815 (A Non-Major Fund)
For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Investment Earnings	\$ 300	\$ 300	\$ 343	\$ 43
Total Revenues	300	300	343	43
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	20,658	20,658	-	(20,658)
Total Expenditures	20,658	20,658	-	(20,658)
Excess (Deficiency) of Revenues Over Expenditures	(20,358)	(20,358)	343	20,701
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers Out	(12,642)	(12,642)	(12,642)	-
Total Other Financing Sources (Uses)	(12,642)	(12,642)	(12,642)	-
Net Change in Fund Balance	(33,000)	(33,000)	(12,299)	20,701
Beginning Fund Balance - As Restated	33,000	33,000	33,714	714
Ending Fund Balance	\$ -	\$ -	\$ 21,415	\$ 21,415

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Equipment Acquisition & Replacement Fund #820 (A Non-Major Fund)

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 21,023	\$ 11,023
Miscellaneous Revenue	-	-	1,250	1,250
Total Revenues	10,000	10,000	22,273	12,273
EXPENDITURES:				
Current:				
Capital Outlay	229,250	229,250	195,453	(33,797)
Contingency	1,555,012	1,555,012	-	(1,555,012)
Total Expenditures	1,784,262	1,784,262	195,453	(1,588,809)
Excess (Deficiency) of Revenues Over Expenditures	(1,774,262)	(1,774,262)	(173,180)	1,601,082
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	508,250	508,250	508,250	-
Total Other Financing Sources (Uses)	508,250	508,250	508,250	-
Net Change in Fund Balance	(1,266,012)	(1,266,012)	335,070	1,601,082
Beginning Fund Balance - As Restated	1,266,012	1,266,012	1,275,316	9,304
Ending Fund Balance	\$ -	\$ -	\$ 1,610,386	\$ 1,610,386

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Pioneer Cemetery Restoration Trust Fund #825 (A Non-Major Fund)

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ 60	\$ 60	\$ 120	\$ 60
Total Revenues	60	60	120	60
EXPENDITURES:				
Current:				
Capital Outlay	9,424	9,424	-	(9,424)
Contingency	60	60	-	(60)
Total Expenditures	9,484	9,484	-	(9,484)
Net Change in Fund Balance	(9,424)	(9,424)	120	9,544
Beginning Fund Balance - As Restated	9,424	9,424	9,558	134
Ending Fund Balance	\$ -	\$ -	\$ 9,678	\$ 9,678

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Police Trust Fund #829 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ 60	\$ 60	\$ 173	\$ 113
Grants and Contributions	9,790	9,790	7,660	(2,130)
Total Revenues	9,850	9,850	7,833	(2,017)
EXPENDITURES:				
Current:				
Materials and Supplies	5,066	5,066	5,878	812
Contingency	16,684	16,684	-	(16,684)
Total Expenditures	21,750	21,750	5,878	(15,872)
Net Change in Fund Balance	(11,900)	(11,900)	1,955	13,855
Beginning Fund Balance - As Restated	11,900	11,900	10,908	(992)
Ending Fund Balance	\$ -	\$ -	\$ 12,863	\$ 12,863

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Library Trust Fund #830 (A Non-Major Fund)

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ 800	\$ 800	\$ 1,979	\$ 1,179
Grants and Contributions	79,000	79,000	42,107	(36,893)
Total Revenues	79,800	79,800	44,086	(35,714)
EXPENDITURES:				
Current:				
Materials and Supplies	99,000	99,000	37,756	(61,244)
Contingency	107,800	107,800	-	(107,800)
Total Expenditures	206,800	206,800	37,756	(169,044)
Net Change in Fund Balance	(127,000)	(127,000)	6,330	133,330
Beginning Fund Balance - As Restated	127,000	127,000	151,826	24,826
Ending Fund Balance	\$ -	\$ -	\$ 158,156	\$ 158,156

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Library Bldg Trust Fund #833 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 410	\$ 410
Total Revenues	-	-	410	410
EXPENDITURES:				
Current:				
Materials and Supplies	20,000	20,000	279	(19,721)
Total Expenditures	20,000	20,000	279	(19,721)
Net Change in Fund Balance	(20,000)	(20,000)	131	20,131
Beginning Fund Balance - As Restated	20,000	20,000	30,715	10,715
Ending Fund Balance	\$ -	\$ -	\$ 30,846	\$ 30,846

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Senior Services Trust Fund #835 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 1,350	\$ 1,350	\$ 4,930	\$ 3,580
Investment Earnings	800	800	2,232	1,432
Grants and Contributions	4,000	4,000	6,060	2,060
Miscellaneous Revenue	2,000	2,000	579	(1,421)
Total Revenues	8,150	8,150	13,801	5,651
EXPENDITURES:				
Current:				
Materials and Supplies	13,500	13,500	10,188	(3,312)
Capital Outlay	10,000	10,000	-	(10,000)
Contingency	131,650	131,650	-	(131,650)
Total Expenditures	155,150	155,150	10,188	(144,962)
Net Change in Fund Balance	(147,000)	(147,000)	3,613	150,613
Beginning Fund Balance - As Restated	147,000	147,000	163,743	16,743
Ending Fund Balance	\$ -	\$ -	\$ 167,356	\$ 167,356

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Snedaker Trust Fund #838 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Investment Earnings	\$ 150	\$ 150	\$ 306	\$ 156
Total Revenues	150	150	306	156
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	10,000	10,000	1,669	(8,331)
Contingency	13,150	13,150	-	(13,150)
Total Expenditures	23,150	23,150	1,669	(21,481)
Net Change in Fund Balance	(23,000)	(23,000)	(1,363)	21,637
Beginning Fund Balance - As Restated	23,000	23,000	23,766	766
Ending Fund Balance	\$ -	\$ -	\$ 22,403	\$ 22,403

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Streets Capital Projects Fund #840 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 3,769	\$ 3,769
Grants and Contributions	1,250,000	1,250,000	638,626	(611,374)
Total Revenues	1,250,000	1,250,000	642,395	(607,605)
EXPENDITURES:				
Current:				
Materials and Supplies	56,170	56,170	157	(56,013)
Capital Outlay	1,250,000	1,250,000	697,615	(552,385)
Contingency	310,000	310,000	-	(310,000)
Total Expenditures	1,616,170	1,616,170	697,772	(918,398)
Excess (Deficiency) of Revenues Over Expenditures	(366,170)	(366,170)	(55,377)	310,793
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	55,000	55,000	55,000	-
Total Other Financing Sources (Uses)	55,000	55,000	55,000	-
Net Change in Fund Balance	(311,170)	(311,170)	(377)	310,793
Beginning Fund Balance - As Restated	311,170	311,170	318,665	7,495
Ending Fund Balance	\$ -	\$ -	\$ 318,288	\$ 318,288

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Infrastructure Deferral Fund #845 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ 200	\$ 200	\$ 775	\$ 575
Total Revenues	200	200	775	575
EXPENDITURES:				
Current:				
Capital Outlay	56,924	56,924	-	(56,924)
Total Expenditures	56,924	56,924	-	(56,924)
Net Change in Fund Balance	(56,724)	(56,724)	775	57,499
Beginning Fund Balance - As Restated	56,724	56,724	57,687	963
Ending Fund Balance	\$ -	\$ -	\$ 58,462	\$ 58,462

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SDC - Parks Improvements Fund #862 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 150,000	\$ 150,000	\$ 286,475	\$ 136,475
Investment Earnings	4,100	4,100	10,862	6,762
Total Revenues	154,100	154,100	297,337	143,237
EXPENDITURES:				
Current:				
Capital Outlay	987,709	987,709	319,998	(667,711)
Contingency	222,772	222,772	-	(222,772)
Total Expenditures	1,210,481	1,210,481	319,998	(890,483)
Excess (Deficiency) of Revenues Over Expenditures	(1,056,381)	(1,056,381)	(22,661)	1,033,720
OTHER FINANCING SOURCES / (USES):				
Interfund Transfers In	84,772	84,772	84,772	-
Interfund Transfers Out	(8,391)	(8,391)	(8,391)	-
Total Other Financing Sources (Uses)	76,381	76,381	76,381	-
Net Change in Fund Balance	(980,000)	(980,000)	53,720	1,033,720
Beginning Fund Balance - As Restated	980,000	980,000	644,631	(335,369)
Ending Fund Balance	\$ -	\$ -	\$ 698,351	\$ 698,351

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SDC - Parks Reimbursements Fund #863 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ (17)	\$ (17)
Total Revenues	-	-	(17)	(17)
EXPENDITURES:				
Current:				
Capital Outlay	150	150	-	(150)
Total Expenditures	150	150	-	(150)
Net Change in Fund Balance	(150)	(150)	(17)	133
Beginning Fund Balance - As Restated	150	150	412	262
Ending Fund Balance	\$ -	\$ -	\$ 395	\$ 395

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual SDC - Street Reimbursements Fund #883 (A Non-Major Fund) For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Fees and Charges	\$ 51,000	\$ 51,000	\$ 43,635	\$ (7,365)
Investment Earnings	1,000	1,000	2,858	1,858
Total Revenues	52,000	52,000	46,493	(5,507)
<u>EXPENDITURES:</u>				
Current:				
Capital Outlay	100,000	100,000	87,411	(12,589)
Contingency	49,161	49,161	-	(49,161)
Total Expenditures	149,161	149,161	87,411	(61,750)
Net Change in Fund Balance	(97,161)	(97,161)	(40,918)	56,243
Beginning Fund Balance - As Restated	97,161	97,161	142,881	45,720
Ending Fund Balance	\$ -	\$ -	\$ 101,963	\$ 101,963

OTHER
SUPPLEMENTARY
INFORMATION

Trust & Agency Fund

CITY OF LEBANON

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Bail Fund #910

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Fees and Charges	\$ 35,000	\$ 35,000	\$ 17,768	\$ (17,232)
Fines and Forfeitures	85,900	85,900	112,827	26,927
Total Revenues	120,900	120,900	130,595	9,695
EXPENDITURES:				
Current:				
Materials and Supplies	118,962	118,962	130,595	11,633
Total Expenditures	118,962	118,962	130,595	11,633
Net Change in Fund Balance	1,938	1,938	-	(1,938)
Beginning Fund Balance - As Restated	(1,938)	(1,938)	-	1,938
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

OTHER
SUPPLEMENTARY
INFORMATION

Additional
Supporting Schedules

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

NW URD Loan with IFA #B050003

NW URD - May 13, 2005, the City entered into a loan agreement with Business Oregon (IFA) for the Northwest Urban Renewal District. The original balance of the loan is \$3,699,984 with an interest rate between 4.0 - 4.375%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 2,646,274	\$ 2,271,343	\$ 2,646,274	\$ 2,271,343	\$ 141,311
Interest	-	146,414	146,414	-	83,457
Total	\$ 2,646,274	\$ 2,417,757	\$ 2,792,688	\$ 2,271,343	\$ 224,768

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 141,311	\$ 83,457	\$ 224,768	4.00%
	2020	122,163	102,981	225,144	5.00%
	2021	128,077	98,067	226,144	5.00%
	2022	134,047	91,847	225,894	5.00%
	2023	140,069	85,325	225,394	5.00%
	2024	146,134	78,510	224,644	5.00%
	2025	152,258	71,386	223,644	5.00%
	2026	158,450	63,944	222,394	5.00%
	2027	169,696	56,199	225,895	5.00%
	2028	175,994	47,900	223,894	5.00%
	2029	187,350	39,294	226,644	5.00%
	2030	193,766	30,129	223,895	5.00%
	2031	205,243	20,651	225,894	5.00%
	2032	216,785	10,609	227,394	5.00%
Total		\$ 2,271,343	\$ 880,300	\$ 3,151,643	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

NW URD General Obligation Bond Lebanon UR10

NW URD - November 2, 2010, the City issued General Obligation Bonds for the Northwest URD. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$3,310,000 with an Interest rate between 2.0% and 3.5%. LebanonUR10

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,105,000	\$ -	\$ 355,000	\$ 750,000	\$ 370,000
Interest	-	36,515	36,515	-	25,510
Total	<u>\$ 1,105,000</u>	<u>\$ 36,515</u>	<u>\$ 391,515</u>	<u>\$ 750,000</u>	<u>\$ 395,510</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 370,000	\$ 25,510	\$ 395,510	6.07%
	2020	380,000	13,300	393,300	6.15%
Total		<u>\$ 750,000</u>	<u>\$ 38,810</u>	<u>\$ 788,810</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

N Gateway URD Note Payable with Samaritan Health

N GATEWAY URD - January 1, 2011, the City entered a Note Payable agreement with Samaritan Health Services for the N Gateway URD. The original balance of the loan is \$2,283,572. The loan carries an interest rate of 5.0% that was changed by the lender to 4.25% during the 2017-18 fiscal year.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,853,550	\$ -	\$ 142,581	\$ 1,710,969	\$ 142,581
Interest	-	79,131	79,131	-	72,716
Total	\$ 1,853,550	\$ 79,131	\$ 221,712	\$ 1,710,969	\$ 215,297

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 142,581	\$ 72,716	\$ 215,297	4.25%
	2020	142,581	66,656	209,237	4.25%
	2021	142,581	60,597	203,178	4.25%
	2022	142,581	54,537	197,118	4.25%
	2023	142,581	48,477	191,058	4.25%
	2024	142,581	42,418	184,999	4.25%
	2025	142,581	36,358	178,939	4.25%
	2026	142,581	30,298	172,879	4.25%
	2027	142,581	24,239	166,820	4.25%
	2028	142,581	18,179	160,760	4.25%
	2029	142,581	12,119	154,700	4.25%
	2030	142,578	6,060	148,638	4.25%
Total		\$ 1,710,969	\$ 472,654	\$ 2,183,623	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

2002 Pension Obligation Bonds with Wells Fargo

March 3, 2002, the City issued Pension Obligation Bonds, Series 2002 which are held by Wells Fargo Corporate Trust Services. The original balance of the bonds is \$2,081,188 with an interest rate between 2.0% and 7.36% 2002 Pension Obligation Bonds, Series 2002 #12371007

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,512,754	\$ -	\$ 32,872	\$ 1,479,882	\$ 33,233
Interest	-	120,763	120,763	-	179,038
Total	<u>\$ 1,512,754</u>	<u>\$ 120,763</u>	<u>\$ 153,635</u>	<u>\$ 1,479,882</u>	<u>\$ 212,271</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 33,233	\$ 179,038	\$ 212,271	0.00%
	2020	51,649	170,621	222,270	0.00%
	2021	140,000	95,558	235,558	0.00%
	2022	160,000	85,968	245,968	0.00%
	2023	185,000	75,008	260,008	0.00%
	2024	205,000	62,335	267,335	0.00%
	2025	-	48,293	48,293	0.00%
	2026	260,000	48,293	308,293	0.00%
	2027	295,000	30,483	325,483	0.00%
	2028	150,000	10,275	160,275	0.00%
Total		<u>\$ 1,479,882</u>	<u>\$ 805,870</u>	<u>\$ 2,285,752</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

General Obligation Bonds #LEBGO2007

June 13, 2007, the City issued General Obligation Bonds, Series 2007. The bonds are held by Bank New York Mellon. The original balance of the bonds is \$8,640,000 and carry an annual interest rate between 4.0% and 5.0%. LEBGO2007

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 715,000	\$ -	\$ 340,000	\$ 375,000	\$ 375,000
Interest	-	28,600	28,600	-	15,000
Total	<u>\$ 715,000</u>	<u>\$ 28,600</u>	<u>\$ 368,600</u>	<u>\$ 375,000</u>	<u>\$ 390,000</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 375,000	\$ 15,000	\$ 390,000	5.00%
Total		<u>\$ 375,000</u>	<u>\$ 15,000</u>	<u>\$ 390,000</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Promissary Note with Bank of New York Mellon #B07002

May 29, 2009, the City entered into a Promissory Note agreement with IFA Business Oregon. The original balance of the note is \$1,839,833 with an annual interest rate between 3.0% and 5.25%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018. A revised payment schedule, effective April 10, 2018, is entered below. Special Public Works Fund Loan number B07002.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,238,514	\$ 1,060,952	\$ 1,238,514	\$ 1,060,952	\$ 88,381
Interest	-	76,488	76,488	-	38,677
Total	\$ 1,238,514	\$ 1,137,440	\$ 1,315,002	\$ 1,060,952	\$ 127,058

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 88,381	\$ 38,677	\$ 127,058	4.00%
	2020	78,950	46,788	125,738	5.00%
	2021	79,578	43,613	123,191	5.00%
	2022	85,161	39,750	124,911	5.00%
	2023	90,919	35,606	126,525	5.00%
	2024	91,715	31,180	122,895	5.00%
	2025	97,383	26,711	124,094	5.00%
	2026	103,253	21,950	125,203	5.00%
	2027	109,211	16,902	126,113	5.00%
	2028	115,171	11,561	126,732	5.00%
	2029	121,230	5,929	127,159	5.00%
Total		\$ 1,060,952	\$ 318,667	\$ 1,379,619	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Bond 2013 #LebanonFFC2013 (NW URD)

NW URD - July 31, 2013 the City issued Full Faith and Credit and Refunding Obligations Bonds to finance improvements to the City's water and transportation systems; and refund City's Wastewater Revenue Refunding Bonds, Series 2003 and a portion of Special Water Refunding Obligations, Series 2004. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divide by the City for Northwest URD, Water and Wastewater. The amount allocated for this portion of the bonds is \$11,855,000. LebanonFFC2013

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 10,175,000	\$ -	\$ 455,000	\$ 9,720,000	\$ 480,000
Interest	-	397,650	397,650	-	379,450
Total	\$ 10,175,000	\$ 397,650	\$ 852,650	\$ 9,720,000	\$ 859,450

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 480,000	\$ 379,450	\$ 859,450	4.00%
	2020	505,000	360,250	865,250	4.00%
	2021	930,000	340,050	1,270,050	4.00%
	2022	975,000	302,850	1,277,850	4.00%
	2023	1,010,000	273,600	1,283,600	3.00%
	2024	1,050,000	243,300	1,293,300	3.00%
	2025	1,110,000	190,800	1,300,800	5.00%
	2026	1,165,000	146,400	1,311,400	4.00%
	2027	1,220,000	99,800	1,319,800	4.00%
	2028	1,275,000	51,000	1,326,000	4.00%
Total		\$ 9,720,000	\$ 2,387,500	\$ 12,107,500	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Bond 2015 #LebanonFFC2015

October 13, 2015 the City issued General Obligation Refunding Bonds, Series 2015 (Full Faith and Credit 2015) with Key Bank / Zion Bank to advance refund a portion of the City's outstanding GO Bonds, Series 2007; and the wastewater financing agreement with Siemens Public, Inc. The original balance of the bonds is \$12,800,000 and carry an annual interest rate between 1.65% and 5.0%. #LebanonFFC2015

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 12,565,000	\$ -	\$ 605,000	\$ 11,960,000	\$ 655,000
Interest	-	468,424	468,424	-	456,324
Total	\$ 12,565,000	\$ 468,424	\$ 1,073,424	\$ 11,960,000	\$ 1,111,324

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 655,000	\$ 456,324	\$ 1,111,324	0.00%
	2020	1,095,000	443,224	1,538,224	0.00%
	2021	1,160,000	425,156	1,585,156	0.00%
	2022	1,235,000	401,956	1,636,956	0.00%
	2023	1,330,000	352,556	1,682,556	0.00%
	2024	1,455,000	286,056	1,741,056	0.00%
	2025	1,540,000	251,500	1,791,500	0.00%
	2026	1,675,000	174,500	1,849,500	0.00%
	2027	1,815,000	90,750	1,905,750	0.00%
Total		\$ 11,960,000	\$ 2,882,022	\$ 14,842,022	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Cheadle Lake URD Loan with Opus Bank

CHEADLE LAKE URD - May 18, 2017, the City entered into a loan agreement with Opus Bank for Cheadle Lake URD. The original balance of the loan is \$4,232,723 and has a fixed annual interest rate of 2.88%. Loan #530000006441

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 4,232,723	\$ -	\$ 225,541	\$ 4,007,182	\$ 236,439
Interest	-	126,304	126,304	-	115,407
Total	<u>\$ 4,232,723</u>	<u>\$ 126,304</u>	<u>\$ 351,845</u>	<u>\$ 4,007,182</u>	<u>\$ 351,846</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 236,439	\$ 115,407	\$ 351,846	2.88%
	2020	243,248	108,597	351,845	2.88%
	2021	250,254	101,592	351,846	2.88%
	2022	257,461	94,385	351,846	2.88%
	2023	264,876	86,970	351,846	2.88%
	2024	272,504	79,341	351,845	2.88%
	2025	280,353	71,493	351,846	2.88%
	2026	288,427	63,419	351,846	2.88%
	2027	296,733	55,112	351,845	2.88%
	2028	305,279	46,566	351,845	2.88%
	2029	314,071	37,774	351,845	2.88%
	2030	323,117	28,729	351,846	2.88%
	2031	332,422	19,423	351,845	2.88%
	2032	341,998	9,850	351,848	2.88%
Total		<u>\$ 4,007,182</u>	<u>\$ 918,658</u>	<u>\$ 4,925,840</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Bond 2013 # LebanonFFC2013 (Water)

July 31, 2013 the City issued Full Faith and Credit and Refunding Obligations Bonds. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divide by the City for Northwest URD, Water and Wastewater. The amount allocated for this portion of the bonds is \$1,168,000. LebanonFFC2013 (Water)

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,095,000	\$ -	\$ 200,000	\$ 895,000	\$ 215,000
Interest	-	41,450	41,450	-	33,450
Total	<u>\$ 1,095,000</u>	<u>\$ 41,450</u>	<u>\$ 241,450</u>	<u>\$ 895,000</u>	<u>\$ 248,450</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 215,000	\$ 33,450	\$ 248,450	0.00%
	2020	220,000	24,850	244,850	0.00%
	2021	225,000	16,050	241,050	0.00%
	2022	235,000	7,050	242,050	0.00%
Total		<u>\$ 895,000</u>	<u>\$ 81,400</u>	<u>\$ 976,400</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Bond 2013 #LebanonFFC2013 (WasteWater)

July 31, 2013 the City issued Full Faith and Credit and Refunding Obligations Bonds. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$15,235,000 with an interest rate between 2.0% and 4.0%. The amounts for these bonds are divide by the City for Northwest URD, Water and Wastewater. The amount allocated for this portion of the bonds is \$1,695,000. LebanonFFC2013 (WasteWater)

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 765,000	\$ -	\$ 245,000	\$ 520,000	\$ 255,000
Interest	-	30,600	30,600	-	20,800
Total	<u>\$ 765,000</u>	<u>\$ 30,600</u>	<u>\$ 275,600</u>	<u>\$ 520,000</u>	<u>\$ 275,800</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 255,000	\$ 20,800	\$ 275,800	0.00%
	2020	265,000	10,600	275,600	0.00%
Total		<u>\$ 520,000</u>	<u>\$ 31,400</u>	<u>\$ 551,400</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Full Faith and Credit Bond 2015 #LebanonFFC2015 (WasteWater)

October 13, 2015, the City issued Full Faith and Credit Bonds to advance refund a portion of the City's outstanding GO Bonds, Series 2007; and the wastewater financing agreement with Siemens Public, Inc. The bonds are held by Key Bank/ Zion Bank. The original balance of the bonds is \$2,385,000 and carry an annual interest rate between 2.00% and 4.00% LebanonFFC2015 (WasteWater)

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,835,000	\$ -	\$ 350,000	\$ 1,485,000	\$ 355,000
Interest	-	53,900	53,900	-	46,900
Total	\$ 1,835,000	\$ 53,900	\$ 403,900	\$ 1,485,000	\$ 401,900

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 355,000	\$ 46,900	\$ 401,900	0.00%
	2020	365,000	38,775	403,775	0.00%
	2021	375,000	26,900	401,900	0.00%
	2022	390,000	11,700	401,700	0.00%
Total		\$ 1,485,000	\$ 124,275	\$ 1,609,275	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Note Payable to Department of Environmental Quality #R56200

March 2, 2006, the City entered into a loan agreement with the Oregon Department of Environmental Quality SPF for wastewater improvement projects. The original balance of the note is \$900,000 and carries an interest rate of 2.93% and a .5% service fee. Payments are due the first day of April and October of each year. #R56200

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 612,570	\$ -	\$ 43,283	\$ 569,287	\$ 44,560
Interest	-	17,633	17,633	-	19,092
Total	<u>\$ 612,570</u>	<u>\$ 17,633</u>	<u>\$ 60,916</u>	<u>\$ 569,287</u>	<u>\$ 63,652</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 44,560	\$ 19,092	\$ 63,652	0.00%
	2020	45,875	17,551	63,426	0.00%
	2021	47,229	15,964	63,193	0.00%
	2022	48,623	14,330	62,953	0.00%
	2023	50,058	12,649	62,707	0.00%
	2024	51,535	10,918	62,453	0.00%
	2025	53,056	9,135	62,191	0.00%
	2026	54,623	7,299	61,922	0.00%
	2027	56,235	5,410	61,645	0.00%
	2028	57,895	3,465	61,360	0.00%
	2029	59,598	1,463	61,061	0.00%
Total		<u>\$ 569,287</u>	<u>\$ 117,276</u>	<u>\$ 686,563</u>	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Revenue Bonds held by Bank of New York Mellon/ Zion Bank #LEBANONWW10

October 27, 2010, the City issued Revenue Bonds for the construction of a wastewater system. The bonds are held by Bank of New York Mellon/ Zion Bank. The original balance of the bonds is \$7,010,000 and carry an annual interest rate between 2.4% and 2.5%. . LEBANONWW10

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 4,510,000	\$ -	\$ 435,000	\$ 4,075,000	\$ 445,000
Interest	-	178,850	178,850	-	161,450
Total	\$ 4,510,000	\$ 178,850	\$ 613,850	\$ 4,075,000	\$ 606,450

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 445,000	\$ 161,450	\$ 606,450	0.00%
	2020	460,000	143,650	603,650	0.00%
	2021	235,000	125,250	360,250	0.00%
	2022	245,000	115,263	360,263	0.00%
	2023	255,000	104,850	359,850	0.00%
	2024	265,000	94,013	359,013	0.00%
	2025	275,000	82,750	357,750	0.00%
	2026	285,000	71,063	356,063	0.00%
	2027	300,000	60,375	360,375	0.00%
	2028	310,000	49,125	359,125	0.00%
	2029	320,000	37,500	357,500	0.00%
	2030	335,000	25,500	360,500	0.00%
	2031	345,000	12,938	357,938	0.00%
Total		\$ 4,075,000	\$ 1,083,725	\$ 5,158,725	

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Loan with Business Oregon (IFA) #L16003

October 16, 2015, the City entered into a loan agreement with IFA Business Oregon for financing of the Special Public Works Fund Development Project. The original balance of the loan is \$11,000,000 with an interest rate of 3.51%. The loan is currently in drawdown, so, no amortization schedule is available. The city made an interest payment of \$117,779 during the 2017-18 fiscal year. # L16003

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 727,005	\$ 9,183,754	\$ -	\$ 9,910,759	\$ -
Interest	-	117,779	117,779	-	-
Total	\$ 727,005	\$ 9,301,533	\$ 117,779	\$ 9,910,759	\$ -

CITY OF LEBANON
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS
For the Fiscal Year Ended June 30, 2018

Loan with Business Oregon (IFA) #S16004

October 16, 2015, the City entered into a loan agreement for financing of the Safe Drinking Water Revolving Loan Fund. The loan is held by IFA Business Oregon. The original balance of the note is \$13,000,000 and carries an interest rate of 1.0%. The loan is currently in drawdown, so, there is no amortization schedule available. #S16004.

Current Year Activity:

	Outstanding Balance <u>July 1, 2017</u>	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance <u>June 30, 2018</u>	Due Within One Year
Principal	\$ 3,128,418	\$ 7,976,877	\$ -	\$ 11,105,295	\$ -
Interest	-	-	-	-	-
Total	<u>\$ 3,128,418</u>	<u>\$ 7,976,877</u>	<u>\$ -</u>	<u>\$ 11,105,295</u>	<u>\$ -</u>

ACCOMPANYING
INFORMATION

CITY OF LEBANON
INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS
As of June 30, 2018

To the Governing Body of the City of Lebanon
Lebanon, Oregon

I have audited the basic financial statements of the City of Lebanon as of and for the year ended June 30, 2018, and have issued my report thereon dated April 2, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Lebanon' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways and roads (ORS Chapters 294, 368 & 373).**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with my testing nothing came to my attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, with the following exceptions:

For the fiscal year ended June 30, 2018, over-expenditure of appropriations occurred in one fund, as noted on page 62 of the audit report.

Appropriation Resolution adopted for 2018-19 did not comply with Oregon Budget Law requirements.

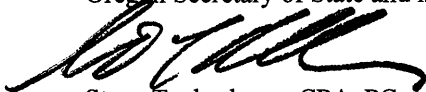
Appropriation Transfer Resolutions and Supplemental Budget Resolutions did not comply with Oregon Budget Law requirements in the current fiscal year.

The City has adopted new procedures to review budget vs. actual amounts regularly to avoid over-expenditures in the future.

OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City internal control over financial reporting.

This report is intended solely for the information and use of the City Council and management of City of Lebanon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA, PC
Roseburg, Oregon
April 2, 2019

SINGLE AUDIT SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council
City of Lebanon, Oregon

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lebanon as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Lebanon's basic financial statements and have issued my report thereon dated April 2, 2019.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered City of Lebanon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lebanon's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Lebanon's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lebanon's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer', is written over a horizontal line.

Steve Tuchscherer, CPA
April 2, 2019





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
City of Lebanon

Report on Compliance for Each Major Federal Program

I have audited the City of Lebanon's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Lebanon's major federal programs for the year ended June 30, 2018. The City of Lebanon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Lebanon's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lebanon's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of Lebanon's compliance.

Opinion on Each Major Federal Program

In my opinion, the City of Lebanon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

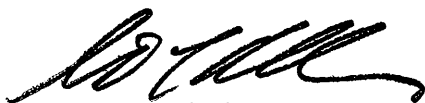
The management of the City of Lebanon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered the City of Lebanon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Lebanon's internal control over compliance.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Steve Tuchscherer CPA
Umpqua Valley Financial
Roseburg, Oregon
April 2, 2019

CITY OF LEBANON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2018

Grantor / Lender Program and Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Oregon Department of Transportation:		
Formula Grants for Rural Areas	20.509	\$ 122,892
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	13,016
Bus and Bus Facilities Formula Program	20.526	61,098
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Passed through Oregon Business Development Department		
Community Development Block Grant	14.228	280,326
U.S. DEPARTMENT OF THE INTERIOR: NATIONAL PARK SERVICE		
Passed through Oregon Parks and Recreation Department		
Land and Water Conservation Fund Grants	15.916	103,250
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Passed through Oregon Infrastructure Finance Authority		
Capitalization Grants for Drinking Water State Revolving Funds Project No. S16004 *	66.468	10,028,290
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 10,608,872

This schedule has been prepared using the modified accrual basis of accounting.

* Major Programs

CITY OF LEBANON

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of City of Lebanon under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Lebanon, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Lebanon.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COSTS RATE

City of Lebanon has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LEBANON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of City of Lebanon in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material to the financial statements of City of Lebanon were disclosed during the audit.
4. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The program tested as a major program was Capitalization Grants for Drinking Water State Revolving Funds CFDA No. 66.468.
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported in accordance with *Government Auditing Standards* for the year ended June 30, 2018.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section IV—Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the year ended June 30, 2017.

CHEADLE LAKE
URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
LEBANON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

UMPQUA VALLEY FINANCIAL, LLC

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

925 S Main Street
Lebanon, Oregon 97355
(541) 258-4900

DISTRICT OFFICIALS

PAUL AZIZ Chairman
925 S Main Street, Lebanon, OR 97355

BOB ELLIOTT Member
925 S Main Street, Lebanon, OR 97355

WAYNE RIESKAMP Member
925 S Main Street, Lebanon, OR 97355

FLOYD FISHER Member
925 S Main Street, Lebanon, OR 97355

JASON BOLEN. Member
925 S Main Street, Lebanon, OR 97355

REBECCA GRIZZLE Member
925 S Main Street, Lebanon, OR 97355

ROBERT FURLOW. Member
925 S Main Street, Lebanon, OR 97355

KARIN STANDER Member as of 1/1/2019
925 S Main Street, Lebanon, OR 97355

MICHELLE STEINHEBEL Member as of 1/1/2019
925 S Main Street, Lebanon, OR 97355

DISTRICT ADMINISTRATION

GARY MARKS District Director
925 S Main Street, Lebanon, OR 97355

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1a – 1b
MANAGEMENT’S DISCUSSION AND ANALYSIS	2 - 6
BASIC FINANCIAL STATEMENTS:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	7
Statement of Activities	8
<u>Fund Financial Statements:</u>	
Balance Sheet - Government Funds	9
Reconciliation of Government Funds Balance Sheet to Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	12
<u>Notes to the Basic Financial Statements</u>	13 - 21
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Urban Renewal – General Fund	22
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Long Term Debt Transactions & Future Requirements	23
ACCOMPANYING INFORMATION	
Independent Auditor’s Report Required by Oregon State Regulations	24



INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the Cheadle Lake Urban Renewal District Board

I have audited the accompanying financial statements of the governmental activities and each major fund of the Cheadle Lake Urban Renewal District of the City of Lebanon, Oregon, (the District), a component unit of the City of Lebanon, Oregon, as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual on pages 2-6 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual described above on page 22 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of revenues, expenditures and changes in fund balance – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and schedules on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District.

The other supplementary information and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated April 2, 2019, on my consideration of the Urban Renewal District of the City of Lebanon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuhscherer, CPA
April 2, 2019

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

The management of the Cheadle Lake Urban Renewal District, City of Lebanon, Oregon, a component unit of the City of Lebanon, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the District for the fiscal year ending June 30, 2018. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- The District's total assets at June 30, 2018 were \$1,023,264, a decrease of \$2,713,502 from the prior year as reported on Statement of Net Position due to expenditures for capital assets that were transferred to the City.
- The District's total liabilities at June 30, 2018 were \$4,232,722, a decrease of \$215,924 due to payments on long term debt.
- The District's net position at June 30, 2018 was \$(2,993,534), a decrease of \$2,497,578 from the prior year as reported on the Statement of Net Position, which is due to the expenditures for capital assets that were transferred to the City of \$1,197,939.
- At June 30, 2018 the District reported an ending fund balance of \$991,305. The entire balance is restricted for Urban Renewal Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the District's distinct activities or functions of the District that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The District has one fund which is considered a governmental type fund.

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement and schedule demonstrate compliance with the District's adopted and final revised budget.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund. The required supplementary information immediately follows the notes to the financial statements.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$(2,993,534) this is a decrease of \$2,497,578 as reported on the Statement of Net Position.

The following table provides a summary of the District's net position for the current and prior year.

Summary of Net Position

	Governmental Activities	
		As Originally Reported 2017
	2018	2017
Assets		
Current and Other Assets	\$ 1,023,264	\$ 3,736,766
Total Assets	1,023,264	3,736,766
Liabilities		
Current Liabilities	246,056	225,541
Long-Term Liabilities	3,770,742	4,007,181
Total Liabilities	4,016,798	4,232,722
Net Position		
Unrestricted	(2,993,534)	(495,956)
Total Net Position - As Originally Reported for Prior Year	\$ (2,993,534)	\$ (495,956)

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Changes in net position - The District's total revenues for the fiscal year ended June 30, 2018 were \$385,454. The total cost of all programs and services was \$1,557,310. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2017-18</u>	<u>As Originally Reported 2016-17</u>
Revenues		
Taxes and Assessments	\$ 365,000	\$ 384,541
Interest & Investment Earnings	20,454	8,223
Total Revenues	<u>385,454</u>	<u>392,763</u>
Program Expenses		
Urban Renewal Projects	1,421,388	-
Interest on Long-Term Debt	135,922	56,800
Total Expenses	<u>1,557,310</u>	<u>56,800</u>
Transfers	(133,759)	(99,689)
Equity Transfers	<u>(1,197,939)</u>	<u>(913,726)</u>
Change in Net Position	<u><u>\$(2,503,554)</u></u>	<u><u>\$ (677,451)</u></u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the District completed the year, its governmental funds reported a combined fund balance of \$991,305, a decrease of \$2,717,855. The fund balance constitutes restricted and unassigned amounts. Of the current fund balance the entire amount is restricted for urban renewal projects.

Budgetary Highlights

General Fund resources were budgeted and anticipated to be collected in the amount of \$417,500. Actual resources of \$387,077 were available, \$30,423 less than budgeted. General Fund expenditures budget was under-spent by \$687,568 largely due to capital outlay expenditures being less than anticipated.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District does not have any capital assets or infrastructure due to all capital outlay expenditures being reported as part of the City of Lebanon's capitalized assets.

Long-Term Debt

At June 30, 2018 the District had total long-term debt outstanding of \$4,007,182. The long-term debt obligations include a loan with Opus Bank for urban renewal projects. Principal paid on the existing debt was \$225,541 and interest paid was \$126,304 during the current fiscal year. Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the Cheadle Lake Urban Renewal District. The following are the major considerations used in developing the 2018-19 budget:

The URD's budget for the fiscal year ending June 30, 2019 represents an overall decrease of \$2,653,514 or 69.9 percent when compared with the current fiscal year. The decrease is mainly due to the following; \$2,585,000 decrease in capital projects and a decrease in contingencies by \$62,653. Other budget categories remained pretty consistent.

The objective of the Cheadle Lake Urban Renewal District (URD) is to provide an accounting for funds collected from the URD, make payments on all authorized debt issues and accomplish projects as listed in the URD master plan.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Cheadle Lake Urban Renewal District's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lebanon. The office is located inside City Hall at 925 S. Main Street, Lebanon, Oregon 97355.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 813,110
Accounts Receivable	624
Property Taxes Receivable	33,607
Restricted Cash - Debt Service	175,923
Total Assets	1,023,264
<u>LIABILITIES:</u>	
Current Liabilities:	
Interest Payable	9,617
Current Portion of Long-Term Liabilities:	
Note Payable	236,439
Total Current Liabilities	246,056
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Note Payable	3,770,742
Total Long-Term Liabilities	3,770,742
Total Liabilities	4,016,798
<u>NET POSITION:</u>	
Unrestricted	(2,993,534)
Total Net Position	\$ (2,993,534)

The accompanying notes to the basic financial statements are an integral part of this statement.

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

Functions / Programs	(Expenses)	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES:</u>				
Urban Renewal Projects	\$1,421,388	\$ -	\$ -	\$ (1,421,388)
Interest on Long-Term Debt	135,922	-	-	(135,922)
Total Governmental Activities	\$1,557,310	\$ -	\$ -	\$ (1,557,310)

GENERAL REVENUES:

Taxes	
Property Taxes, Levied for Debt Service	365,000
Interest and Investment Earnings	20,454
Subtotal - General Revenues	385,454
Transfer to Primary Government	(133,759)
Equity Transfers	(1,197,939)
Change in Net Position	(2,503,554)
Net Position, July 1, 2017 - As Restated	(489,980)
Net Position, June 30, 2018	\$ (2,993,534)

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	Urban Renewal General Fund
<u>ASSETS:</u>	
Cash and Investments	\$ 813,110
Accounts Receivable	624
Property Taxes Receivable	33,607
Restricted Cash - Debt Service	175,923
Total Assets	\$ 1,023,264
<u>DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u>	
DEFERRED INFLOWS OF RESOURCES:	
Deferred Property Tax Revenue	31,959
Total Deferred Inflows of Resources	31,959
FUND BALANCES:	
Restricted for:	
Urban Renewal Projects	991,305
Total Fund Balances	991,305
Total Deferred Inflows of Resources and Fund Balances	\$ 1,023,264

The accompanying notes to the basic financial statements are an integral part of this statement.

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Total Fund Balances - Governmental Funds **\$ 991,305**

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Property taxes receivables not collected within 60 days of the
current period ending date are deferred in the governmental funds. 31,959

Interest payable that is not recognized in the governmental fund is
accrued in the Statement of Net Position. (9,617)

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported
in the governmental funds. (4,007,181)

Net Position of Governmental Activities **\$ (2,993,534)**

The accompanying notes to the basic financial statements are an integral part of this statement.

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2018

	Urban Renewal General Fund
<u>REVENUES:</u>	
Taxes and Assessments	\$ 366,623
Interest and Investment Earnings	20,454
Total Revenues	387,077
<u>EXPENDITURES:</u>	
Current Operating:	
Debt Service	351,846
Capital Outlay	2,619,327
Total Expenditures	2,971,173
Excess (Deficiency) of Revenues Over Expenditures	(2,584,096)
<u>OTHER FINANCING SOURCES (USES):</u>	
Interfund Transfers (Out)	(133,759)
Total Other Financing Sources (Uses)	(133,759)
Net Change in Fund Balance	(2,717,855)
Fund Balance - July 1, 2017	3,709,160
Fund Balance - June 30, 2018	\$ 991,305

The accompanying notes to the basic financial statements are an integral part of this statement.

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2018

Net changes in fund balances - total governmental funds **\$ (2,717,855)**

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes (1,623)

Expense accruals in the governmental funds do not include all accrued interest expense payable.

The change in payables from prior to current year is reconciled here: (9,617)

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal 225,541

Changes in net position of governmental activities **\$ (2,503,554)**

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The Cheadle Lake Urban Renewal District of the City of Lebanon, Oregon (District) was established in 2000. The purpose of the District is to provide for the development of infrastructure to serve a blighted area of Lebanon generally north of Cheadle Lake. The District is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the Mayor and the Councilors of the City of Lebanon.

The District is a separate legal entity, governed by the City of Lebanon. The District Board has the ability to impose its will over the District as determined on the basis of budget adoption, taxing authority and funding for the District. Therefore, under the criteria set by the Governmental Accounting Standards Board, the District is considered a component unit of the City of Lebanon and the District's financial activities are included as a blended component unit in the basic financial statements of the City of Lebanon as a special revenue fund.

Although a component unit of the City of Lebanon, the District exists and operates separately from the City of Lebanon. Accordingly, the District's financial statements will also be included in the financial statements of the City of Lebanon.

The District has no potential component units.

B. Basis of Presentation

The financial statements of the Cheadle Lake Urban Renewal District (District) of the City of Lebanon have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. The District's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The District has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District has elected to report its only fund, the General Fund, as a major fund in order to assist in compiling a complete and accurate picture of the financial position of the District.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all the financial resources. The principal sources of revenue are property tax revenues and interest on investments. Primary expenditures of the General Fund were for capital outlay.

C. Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

C. Measurement Focus/Basis of Accounting (Cont.)

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government District securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any District, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

E. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

G. Deferred Inflows of Resources:

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

H. Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become City of Lebanon (primary government) capital assets and therefore are not reported on the District's Statement of Net Position.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in two components:

1. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that do not meet the definition of "restricted".

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

J. Equity Classifications (Cont).

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District did not have any nonspendable resources.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has restricted funds for urban renewal projects.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the District Board, and does not lapse at year-end. The District does not have committed resources.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

K. Use of Estimates

In preparing the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The District is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator (District Director) and the Finance Director develop a proposed budget, after which the District Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the District Board and an equal number of citizens of the City of Lebanon) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the District's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the District Director originally. The Budget Committee then submits the approved budget to the District Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

The District Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The District Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

3. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.D.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.D.

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONT.):

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2018, the reported amount of the District's deposits was none and there was no ending bank balance. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2018, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2018, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 813,110	N/A
Opus Bank - Restricted for Debt Service	175,923	N/A
Total Investments	<u>\$ 989,033</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONT.):

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

4. LONG TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

GOVERNMENTAL ACTIVITIES:

CHEADLE LAKE URD - May 18, 2017, the City entered into a loan agreement with Opus Bank for Cheadle Lake URD. The original balance of the loan is \$4,232,723 and has a fixed annual interest rate of 2.88%. Loan #530000006441

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 4,232,723	\$ -	\$ 225,541	\$ 4,007,182	\$ 236,439
Interest	-	126,304	126,304	-	115,407
Total	<u>\$ 4,232,723</u>	<u>\$ 126,304</u>	<u>\$ 351,845</u>	<u>\$ 4,007,182</u>	<u>\$ 351,846</u>

The debt service requirements on the above debt is as follows:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 236,439	\$ 115,407	\$ 351,846
2020	243,248	108,597	351,845
2021	250,254	101,592	351,846
2022	257,461	94,385	351,846
2023	264,876	86,970	351,846
2024 - 2028	1,443,296	315,932	1,759,228
2029 - 2033	1,311,608	95,776	1,407,384
Total	<u>\$ 4,007,182</u>	<u>\$ 918,658</u>	<u>\$ 4,925,840</u>

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

5. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The District's insurance is provided in combination with the City of Lebanon.

6. TRANSFERS:

Assets purchased by the District are given to the primary government, the City of Lebanon. This is recorded as an equity transfer on the statement of activities. The amount of equity transferred to the City at the end of the fiscal year was \$1,197,939.

7. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

The beginning net position and fund balance as of July 1, 2017, were restated to reflect a correction in cash to correct past errors in the amount of \$5,976.

REQUIRED
SUPPLEMENTARY
INFORMATION

CHEADLE LAKE URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

URBAN RENEWAL - GENERAL FUND

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<u>REVENUES:</u>				
Property Taxes	\$ 417,000	\$ 417,000	\$ 366,623	\$ (50,377)
Investment Earnings	500	500	20,454	19,954
Total Revenues	417,500	417,500	387,077	(30,423)
<u>EXPENDITURES:</u>				
Non-Departmental:				
Debt Service	351,000	352,000	351,846	(154)
Capital Outlay	3,200,000	3,200,000	2,619,327	(580,673)
Contingency	107,741	106,741	-	(106,741)
Total Expenditures	3,658,741	3,658,741	2,971,173	(687,568)
Excess (Deficiency) of Revenues Over Expenditures	(3,241,241)	(3,241,241)	(2,584,096)	657,145
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers Out	(133,759)	(133,759)	(133,759)	-
Total Other Financing Sources (Uses)	(133,759)	(133,759)	(133,759)	-
Net Change in Fund Balance	(3,375,000)	(3,375,000)	(2,717,855)	657,145
Beginning Fund Balance				
- As Previously Reported	3,375,000	3,375,000	3,709,160	334,160
Beginning Net Position - As Restated	3,375,000	3,375,000	3,709,160	334,160
ENDING FUND BALANCE	\$ -	\$ -	\$ 991,305	\$ 991,305

OTHER
SUPPLEMENTARY
INFORMATION
AND SCHEDULES

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component unit of the City of Lebanon)
SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2018

Cheadle Lake URD Loan with Opus Bank

CHEADLE LAKE URD - May 18, 2017, the City entered into a loan agreement with Opus Bank for Cheadle Lake URD. The original balance of the loan is \$4,232,723 and has a fixed annual interest rate of 2.88%. Loan #530000006441

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 4,232,723	\$ -	\$ 225,541	\$ 4,007,182	\$ 236,439
Interest	-	126,304	126,304	-	115,407
Total	\$ 4,232,723	\$ 126,304	\$ 351,845	\$ 4,007,182	\$ 351,846

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 236,439	\$ 115,407	\$ 351,846	2.88%
	2020	243,248	108,597	351,845	2.88%
	2021	250,254	101,592	351,846	2.88%
	2022	257,461	94,385	351,846	2.88%
	2023	264,876	86,970	351,846	2.88%
	2024	272,504	79,341	351,845	2.88%
	2025	280,353	71,493	351,846	2.88%
	2026	288,427	63,419	351,846	2.88%
	2027	296,733	55,112	351,845	2.88%
	2028	305,279	46,566	351,845	2.88%
	2029	314,071	37,774	351,845	2.88%
	2030	323,117	28,729	351,846	2.88%
	2031	332,422	19,423	351,845	2.88%
	2032	341,998	9,850	351,848	2.88%
Total		\$ 4,007,182	\$ 918,658	\$ 4,925,840	

The accompanying notes to the basic financial statements are an integral part of this statement.

ACCOMPANYING
INFORMATION

CHEADLE LAKE URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2018

To the Governing Body of the Cheadle Lake Urban Renewal District
Lebanon, Oregon

We have audited the basic financial statements of the Cheadle Lake Urban Renewal District of the City of Lebanon (District) as of and for the year ended June 30, 2018, and have issued our report thereon dated April 2, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District internal control over financial reporting.

This report is intended solely for the information and use of the Board of Directors and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
April 2, 2019

NORTHWEST LEBANON
URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
LEBANON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

UMPQUA VALLEY FINANCIAL, LLC

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

925 S Main Street
Lebanon, Oregon 97355
(541) 258-4900

DISTRICT OFFICIALS

PAUL AZIZ Chairman
925 S Main Street, Lebanon, OR 97355

BOB ELLIOTT Member
925 S Main Street, Lebanon, OR 97355

WAYNE RIESKAMP Member
925 S Main Street, Lebanon, OR 97355

FLOYD FISHER Member
925 S Main Street, Lebanon, OR 97355

JASON BOLEN. Member
925 S Main Street, Lebanon, OR 97355

REBECCA GRIZZLE Member
925 S Main Street, Lebanon, OR 97355

ROBERT FURLOW. Member
925 S Main Street, Lebanon, OR 97355

KARIN STANDER Member as of 1/1/2019
925 S Main Street, Lebanon, OR 97355

MICHELLE STEINHEBEL Member as of 1/1/2019
925 S Main Street, Lebanon, OR 97355

DISTRICT ADMINISTRATION

GARY MARKS District Director
925 S Main Street, Lebanon, OR 97355

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1a – 1b
MANAGEMENT’S DISCUSSION AND ANALYSIS	2 - 6
BASIC FINANCIAL STATEMENTS:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	7
Statement of Activities	8
<u>Fund Financial Statements:</u>	
Balance Sheet - Government Funds	9
Reconciliation of Government Funds Balance Sheet to Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	12
<u>Notes to the Basic Financial Statements</u>	13 - 21
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Urban Renewal – General Fund..	22
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Long-Term Debt Transactions & Future Requirements.	23-24
ACCOMPANYING INFORMATION	
Independent Auditor’s Report Required by Oregon State Regulations	25



INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the Northwest Lebanon Urban Renewal District Board

I have audited the accompanying financial statements of the governmental activities and each major fund of the Northwest Lebanon Urban Renewal District of the City of Lebanon, Oregon, (the District), a component unit of the City of Lebanon, Oregon, as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual on pages 2-6 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual described above on page 22 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of revenues, expenditures and changes in fund balance – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and schedules on pages 23-24 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District.

The other supplementary information and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated April 2, 2019, on my consideration of the Urban Renewal District of the City of Lebanon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA
April 2, 2019

MANAGEMENT'S

DISCUSSION

AND ANALYSIS

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2018

Unaudited

The management of the Northwest Lebanon Urban Renewal District, Lebanon, Oregon, a component unit of the City of Lebanon, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the District for the fiscal year ending June 30, 2018. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- The District's total assets at June 30, 2018 were \$2,029,176, an increase of \$96,909 or 5.02 percent from the prior year.
- The District's total liabilities at June 30, 2018 were \$3,328,366, a decrease of \$496,210 or -12.97 percent from the prior year.
- The District's net position at June 30, 2018 was \$(1,299,190), an increase of \$593,119 from the prior year as reported on the Statement of Net Position, which is largely due to a net reduction of \$497,210 in long term liabilities.
- At June 30, 2018 the District reported a combined ending fund balance of \$1,812,063. The entire balance is restricted for Urban Renewal Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the District's distinct activities or functions of the District that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2018

Unaudited

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The District has one fund which is considered a governmental type fund.

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement and schedule demonstrate compliance with the District's adopted and final revised budget.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund. The required supplementary information immediately follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$(1,299,190) this is an increase of \$593,119 as reported on the Statement of Net Position.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2018

Unaudited

The following table provides a summary of the District's net position for the current and prior year.

Summary of Net Position

	<u>Governmental Activities</u>	
		As Originally Reported
	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	<u>\$ 2,029,176</u>	<u>\$ 1,932,267</u>
Total Assets	<u>2,029,176</u>	<u>1,932,267</u>
Liabilities		
Current Liabilities	562,120	560,486
Long-Term Liabilities	<u>2,766,246</u>	<u>3,264,090</u>
Total Liabilities	<u>3,328,366</u>	<u>3,824,576</u>
Net Position		
Unrestricted	<u>(1,299,190)</u>	<u>(1,892,309)</u>
Total Net Position - As Originally Reported for Prior Year	<u>\$ (1,299,190)</u>	<u>\$ (1,892,309)</u>

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2018

Unaudited

Changes in net position - The District's total revenues for the fiscal year ended June 30, 2018 were \$1,728,362. The total cost of all programs and services was \$161,095. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	<u>Governmental Activities</u>	
		As Originally Reported
	<u>2017-18</u>	<u>2016-17</u>
Revenues		
Taxes and Assessments	\$1,693,360	\$ 2,540,426
Interest & Investment Earnings	35,002	14,613
Total Revenues	<u>1,728,362</u>	<u>2,555,039</u>
Program Expenses		
Urban Renewal Projects	19,539	-
Interest on Long-Term Debt	141,556	167,310
Total Expenses	<u>161,095</u>	<u>167,310</u>
Transfers	(977,393)	(1,076,342)
Equity Transfers	-	(2,734)
Change in Net Position	<u>\$ 589,874</u>	<u>\$ 1,308,653</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the District completed the year, its governmental funds reported a combined fund balance of \$1,812,063, an increase of \$117,279. The fund balance constitutes restricted and unassigned amounts. Of the current fund balance the entire amount is restricted for urban renewal projects.

Budgetary Highlights

General Fund resources were budgeted and anticipated to be collected in the amount of \$1,740,000 during the fiscal year. Actual resources of \$4,315,368 were available, \$2,575,368 more than budgeted due to loan proceeds received of \$2,563,391 and not budgeted. General Fund expenditures budget was over-spent by \$1,488,089 largely due to debt refunding expenditures not budgeted, but, expended during the fiscal year.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2018

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District does not have any capital assets or infrastructure due to all capital outlay expenditures being reported as part of the City of Lebanon's capitalized assets.

Long-Term Debt

At June 30, 2018 the District had total long-term debt outstanding of \$3,021,343. The long-term debt obligations include a loan with Bank of New York Mellon / Zion Bank and Business Oregon IFA for urban renewal projects. Existing debt for the loan with IFA was refunded on April 10, 2018. Interest paid on the debt amounted to \$182,929. Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the Northwest Lebanon Urban Renewal District.

The URD's budget for the fiscal year ending June 30, 2019 represents an overall increase of \$555,640 or 20.5 percent when compared with the current fiscal year. The increase is mainly due to the following; \$65,090 increase in transfer to the City to cover related personnel expenses, \$614,867 increase in contingency, \$100,000 decrease in capital outlay.

The objective of the Northwest Lebanon Urban Renewal District (URD) is to provide an accounting for funds collected from the URD, make the bond payments on all authorized debt issues and accomplish projects as listed in the URD master plan. The proposed budget estimates underfunding the property tax collections to provide funding back to the other taxing districts.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Northwest Lebanon Urban Renewal District's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lebanon. The office is located inside City Hall at 925 S. Main Street, Lebanon, Oregon 97355.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 1,798,560
Accounts Receivable	3,927
Property Taxes Receivable	226,689
Total Assets	2,029,176
<u>LIABILITIES:</u>	
Current Liabilities:	
Interest Payable	50,809
Current Portion of Long-Term Liabilities:	
Note Payable	511,311
Total Current Liabilities	562,120
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Note Payable	2,510,032
Bond Premium, Net	256,214
Total Long-Term Liabilities	2,766,246
Total Liabilities	3,328,366
<u>NET POSITION:</u>	
Unrestricted	(1,299,190)
Total Net Position	\$ (1,299,190)

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

Functions / Programs	(Expenses)	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES:</u>				
Urban Renewal Projects	\$ 19,539	\$ -	\$ -	\$ (19,539)
Interest and Fees on Long-Term Debt	141,556	-	-	(141,556)
Total Governmental Activities	\$ 161,095	\$ -	\$ -	\$ (161,095)

GENERAL REVENUES:

Taxes	
Property Taxes, Levied for Debt Service	1,693,360
Interest and Investment Earnings	35,002
Subtotal - General Revenues	1,728,362
Transfer to Primary Government	(977,393)
Change in Net Position	589,874
Net Position, July 1, 2017 - As Restated	(1,889,064)
Net Position, June 30, 2018	\$(1,299,190)

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	Urban Renewal General Fund
<u>ASSETS:</u>	
Cash and Investments	\$ 1,798,560
Accounts Receivable	3,927
Property Taxes Receivable	226,689
Total Assets	\$ 2,029,176
<u>DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u>	
DEFERRED INFLOWS OF RESOURCES:	
Deferred Property Tax Revenue	217,113
Total Deferred Inflows of Resources	217,113
FUND BALANCES:	
Restricted for:	
Urban Renewal Projects	1,812,063
Total Fund Balances	1,812,063
Total Deferred Inflows of Resources, and Fund Balances	\$ 2,029,176

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Total Fund Balances - Governmental Funds **\$ 1,812,063**

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Property taxes receivables not collected within 60 days of the
current period ending date are deferred in the governmental funds. 217,113

Interest payable that is not recognized in the governmental fund is
accrued in the Statement of Net Position. (50,809)

Long-term liabilities, including bonds payable and net bond premiums, are not due and
payable in the current period and therefore are not reported
in the governmental funds. (3,277,557)

Net Position of Governmental Activities **\$ (1,299,190)**

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2018

	Urban Renewal General Fund
<u>REVENUES:</u>	
Taxes and Assessments	\$1,716,975
Interest and Investment Earnings	35,002
Total Revenues	1,751,977
<u>EXPENDITURES:</u>	
Current Operating:	
Urban Renewal Projects	19,539
Debt Service	3,201,157
Total Expenditures	3,220,696
Excess (Deficiency) of Revenues Over Expenditures	(1,468,719)
<u>OTHER FINANCING SOURCES (USES):</u>	
Interfund Transfers (Out)	(977,393)
Loan Proceeds	2,563,391
Total Other Financing Sources (Uses)	1,585,998
Net Change in Fund Balance	117,279
Fund Balance - July 1, 2017	1,694,784
Fund Balance - June 30, 2018	\$1,812,063

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2018

Net changes in fund balances - total governmental funds **\$ 117,279**

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes (23,615)

Long term debt proceeds are included as revenue in governmental funds, but the proceeds increase long-term debt balances in the Statement of Net Position (2,563,391)

Additions to certain liabilities are reported as an expense in the Statement of Activities.

Amortization of Debt Premium 3,087

Expense accruals in the governmental funds do not include all accrued interest expense payable.

The change in payables from prior to current year is reconciled here: 55,240

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Retirement of debt principal is as follows:

General Obligations Bonds 3,001,274

Changes in net position of governmental activities **\$ 589,874**

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The Northwest Lebanon Urban Renewal District of the City of Lebanon, Oregon (District) was established in 1989. The purpose of the District is to provide for the development of infrastructure to serve industrially zoned property within the District boundaries. The District is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the Mayor and the District Board of the City of Lebanon.

The District is a separate legal entity, governed by the City of Lebanon. The District Board has the ability to impose its will over the District as determined on the basis of budget adoption, taxing authority and funding for the District. Therefore, under the criteria set by the Governmental Accounting Standards Board, the District is considered a component unit of the City of Lebanon and the District's financial activities are included as a blended component unit in the basic financial statements of the City of Lebanon as a special revenue fund.

Although a component unit of the City of Lebanon, the District exists and operates separately from the City of Lebanon. Accordingly, the District's financial statements will also be included in the financial statements of the City of Lebanon.

The District has no potential component units.

B. Basis of Presentation

The financial statements of the Northwest Lebanon Urban Renewal District (District) of the City of Lebanon have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. The District's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The District has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District has elected to report its only fund, the General Fund, as a major fund in order to assist in compiling a complete and accurate picture of the financial position of the District.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all the financial resources. The principal sources of revenue are property tax revenues and interest on investments. Primary expenditures of the General Fund were for debt service.

C. Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

C. Measurement Focus/Basis of Accounting (Cont.)

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government District securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

E. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

G. Deferred Inflows of Resources:

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

H. Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become City of Lebanon (primary government) capital assets and therefore are not reported on the District's Statement of Net Position.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in two components:

1. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that do not meet the definition of "restricted".

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

J. Equity Classifications (Cont).

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District did not have any nonspendable resources.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has restricted funds for urban renewal projects.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the District Board, and does not lapse at year-end. The District does not have committed resources.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

K. Use of Estimates

In preparing the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The District is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator (District Director) and the Finance Director develop a proposed budget, after which the District Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the District Board and an equal number of citizens of the City of Lebanon) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the District's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the District Director originally. The Budget Committee then submits the approved budget to the District Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

The District Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The District Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

3. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.D.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.D.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONT.):

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2018, the reported amount of the District's deposits was none and there was no ending bank balance. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2018, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2018, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>\$ 1,798,560</u>	N/A
Total Investments	<u>\$ 1,798,560</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONT.):

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

4. LONG TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

GOVERNMENTAL ACTIVITIES:

NW URD - May 13, 2005, the City entered into a loan agreement with Business Oregon (IFA) for the Northwest Urban Renewal District. The original balance of the loan is \$3,699,984 with an interest rate between 4.0 - 4.375%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018. Loan # B05003.

NW URD - November 2, 2010, the City issued General Obligation Bonds for the Northwest URD. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$3,310,000 with an Interest rate between 2.0% and 3.5%. LebanonUR10.

	Outstanding Balance July 1, 2017	New Issues	Principal Paid	Interest Paid	Outstanding Balance June 30, 2018	Due Within One Year
NW URD Loan with IFA (#B050003)	\$ 2,646,274	\$ 2,271,343	2,646,274	\$ 146,414	\$ 2,271,343	141,311
NW URD GO Bond (Lebanon UR10)	1,105,000	-	355,000	36,515	750,000	370,000
Total	<u>\$ 3,751,274</u>	<u>\$ 2,271,343</u>	<u>\$ 3,001,274</u>	<u>\$ 182,929</u>	<u>\$ 3,021,343</u>	<u>\$ 511,311</u>

NORTHWEST LEBANON URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

4. LONG TERM DEBT (CONT.):

The debt service requirements on the above debt is as follows:

GOVERNMENTAL ACTIVITIES:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 511,311	\$ 108,967	\$ 620,278
2020	502,163	116,281	618,444
2021	128,077	98,067	226,144
2022	134,047	91,847	225,894
2023	140,069	85,325	225,394
2024 - 2028	802,532	317,939	1,120,471
2029 - 2033	803,144	100,683	903,827
Total	<u>\$ 3,021,343</u>	<u>\$ 919,110</u>	<u>\$ 3,940,453</u>

5. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The District's insurance is provided in combination with the City of Lebanon.

6. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

The beginning net position and fund balance as of July 1, 2017, were restated to reflect a correction in cash to correct past errors in the amount of \$3,245.

REQUIRED
SUPPLEMENTARY
INFORMATION

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

URBAN RENEWAL - GENERAL FUND

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes	\$1,735,000	\$1,735,000	\$ 1,716,975	\$ (18,025)
Investment Earnings	5,000	5,000	35,002	30,002
Total Revenues	1,740,000	1,740,000	1,751,977	11,977
<u>EXPENDITURES:</u>				
Current:				
Materials and Supplies	20,000	20,000	19,539	(461)
Non-Departmental:				
Debt Service	637,366	637,366	3,201,157	2,563,791
Capital Outlay	100,000	100,000	-	(100,000)
Contingency	975,241	975,241	-	(975,241)
Total Expenditures	1,732,607	1,732,607	3,220,696	1,488,089
Excess (Deficiency) of Revenues Over Expenditures	7,393	7,393	(1,468,719)	(1,476,112)
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers Out	(977,393)	(977,393)	(977,393)	-
Loan Proceeds	-	-	2,563,391	2,563,391
Total Other Financing Sources (Uses)	(977,393)	(977,393)	1,585,998	2,563,391
Net Change in Fund Balance	(970,000)	(970,000)	117,279	1,087,279
Beginning Net Position - As Restated	970,000	970,000	1,694,784	724,784
ENDING FUND BALANCE	\$ -	\$ -	\$ 1,812,063	\$ 1,812,063

OTHER
SUPPLEMENTARY
INFORMATION
AND SCHEDULES

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2018

NW URD Loan with IFA #B050003

NW URD - May 13, 2005, the City entered into a loan agreement with Business Oregon (IFA) for the Northwest Urban Renewal District. The original balance of the loan is \$3,699,984 with an interest rate between 4.0 - 4.375%. On April 10, 2018, a reduction of the loan amount set forth in the agreement occurred in exchange for a higher nominal interest rate, less certain issuance costs. This was done through Oregon Bond Bank Revenue Bonds, 2018. A revised payment schedules is entered on Debt 1 tab effective April 10, 2018. Loan # B05003.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 2,646,274	\$ 2,271,343	\$ 2,646,274	\$ 2,271,343	\$ 141,311
Interest	-	146,414	146,414	-	83,457
Total	\$ 2,646,274	\$ 2,417,757	\$ 2,792,688	\$ 2,271,343	\$ 224,768

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2019		\$ 141,311	\$ 83,457	\$ 224,768	4.00%
2020		122,163	102,981	225,144	5.00%
2021		128,077	98,067	226,144	5.00%
2022		134,047	91,847	225,894	5.00%
2023		140,069	85,325	225,394	5.00%
2024		146,134	78,510	224,644	5.00%
2025		152,258	71,386	223,644	5.00%
2026		158,450	63,944	222,394	5.00%
2027		169,696	56,199	225,895	5.00%
2028		175,994	47,900	223,894	5.00%
2029		187,350	39,294	226,644	5.00%
2030		193,766	30,129	223,895	5.00%
2031		205,243	20,651	225,894	5.00%
2032		216,785	10,609	227,394	5.00%
Total		\$ 2,271,343	\$ 880,300	\$ 3,151,643	

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2018

NW URD General Obligation Bond Lebanon UR10

NW URD - November 2, 2010, the City issued General Obligation Bonds for the Northwest URD. The bonds are held by Bank of New York Mellon / Zion Bank. The original balance of the bonds is \$3,310,000 with an Interest rate between 2.0% and 3.5%. LebanonUR10

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,105,000	\$ -	\$ 355,000	\$ 750,000	\$ 370,000
Interest	-	36,515	36,515	-	25,510
Total	<u>\$ 1,105,000</u>	<u>\$ 36,515</u>	<u>\$ 391,515</u>	<u>\$ 750,000</u>	<u>\$ 395,510</u>

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 370,000	\$ 25,510	\$ 395,510	3.50%
	2020	380,000	13,300	393,300	3.50%
Total		<u>\$ 750,000</u>	<u>\$ 38,810</u>	<u>\$ 788,810</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

ACCOMPANYING
INFORMATION

NORTHWEST LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

INDEPENDENT AUDITOR'S REPORT **REQUIRED BY OREGON STATE REGULATIONS**

As of June 30, 2018

To the Governing Body of the Northwest Lebanon Urban Renewal District of the City of Lebanon
Lebanon, Oregon

We have audited the basic financial statements of the Northwest Lebanon Urban Renewal District of the City of Lebanon (District) as of and for the year ended June 30, 2018, and have issued our report thereon dated April 2, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, with the following exception:

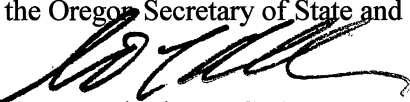
For the fiscal year ended June 30, 2018, over-expenditure of appropriations occurred in the General Fund, as noted on page 21 of the audit report.

Appropriation Resolution adopted for 2018-19 did not comply with Oregon Budget Law requirements.

The District has adopted new procedures to review budget vs. actual amounts regularly to avoid over-expenditures in the future.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District internal control over financial reporting. This report is intended solely for the information and use of the Board of Directors and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
April 2, 2019

NORTH GATEWAY
URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
LEBANON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

UMPQUA VALLEY FINANCIAL, LLC

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

925 S Main Street
Lebanon, Oregon 97355
(541) 258-4900

DISTRICT OFFICIALS

PAUL AZIZ Chairman
925 S Main Street, Lebanon, OR 97355

BOB ELLIOTT Member
925 S Main Street, Lebanon, OR 97355

WAYNE RIESKAMP Member
925 S Main Street, Lebanon, OR 97355

FLOYD FISHER Member
925 S Main Street, Lebanon, OR 97355

JASON BOLEN. Member
925 S Main Street, Lebanon, OR 97355

REBECCA GRIZZLE Member
925 S Main Street, Lebanon, OR 97355

ROBERT FURLOW. Member
925 S Main Street, Lebanon, OR 97355

KARIN STANDER Member as of 1/1/2019
925 S Main Street, Lebanon, OR 97355

MICHELLE STEINHEBEL Member as of 1/1/2019
925 S Main Street, Lebanon, OR 97355

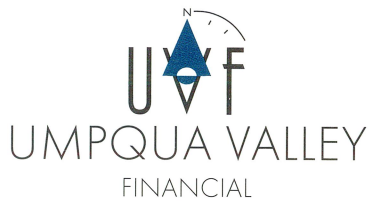
DISTRICT ADMINISTRATION

GARY MARKS District Director
925 S Main Street, Lebanon, OR 97355

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1a – 1b
MANAGEMENT’S DISCUSSION AND ANALYSIS	2 - 6
BASIC FINANCIAL STATEMENTS:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	7
Statement of Activities	8
<u>Fund Financial Statements:</u>	
Balance Sheet - Government Funds	9
Reconciliation of Government Funds Balance Sheet to Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	12
<u>Notes to the Basic Financial Statements</u>	13 - 21
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Urban Renewal – General Fund.	22
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Long-Term Debt Transactions & Future Requirements	23
ACCOMPANYING INFORMATION	
Independent Auditor’s Report Required by Oregon State Regulations	24



INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members
of the North Gateway Urban Renewal District Board

I have audited the accompanying financial statements of the governmental activities and each major fund of the North Gateway Urban Renewal District of the City of Lebanon, Oregon, (the District), a component unit of the City of Lebanon, Oregon, as of and for the year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual on pages 2-6 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual described above on page 22 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of revenues, expenditures and changes in fund balance – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and schedules on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District.

The other supplementary information and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, I have issued my report dated April 2, 2019, on my consideration of the Urban Renewal District of the City of Lebanon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA
April 2, 2019

MANAGEMENT'S
DISCUSSION
AND ANALYSIS

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

The management of the North Gateway Urban Renewal District, Lebanon, Oregon, a component unit of the City of Lebanon, presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the District for the fiscal year ending June 30, 2018. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- The District's total assets at June 30, 2018 were \$614,124, a decrease of \$95,345 or -13.3 percent from the prior year.
- The District's total liabilities at June 30, 2018 were \$3,004,118, a decrease of \$981,987 or -24.6 percent from the prior year mainly due to the decrease of the loan balance due to the City.
- The District's net position at June 30, 2018 was \$(2,389,994), an increase of \$886,642 from the prior year as reported on the Statement of Net Position, which is largely due to a decrease in liabilities.
- At June 30, 2018 the District reported a combined ending fund balance of \$561,798. The entire balance is restricted for Urban Renewal Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of buildings, and water and sewer systems facilities.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the District's distinct activities or functions of the District that are principally supported by user fee revenues, intergovernmental revenues from grants, and property tax revenues.

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining and individual fund statements in a later section of this report. The District has one fund which is considered a governmental type fund.

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement and schedule demonstrate compliance with the District's adopted and final revised budget.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund. The required supplementary information immediately follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$(2,389,994) this is an increase of \$886,642 as reported on the Statement of Net Position.

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

The following table provides a summary of the District's net position for the current and prior year.

Summary of Net Position

	Governmental Activities	
	2018	As Originally Reported 2017
Assets		
Current and Other Assets	\$ 614,124	\$ 709,469
Total Assets	614,124	709,469
Liabilities		
Current Liabilities	1,435,730	2,275,140
Long-Term Liabilities	1,568,388	1,710,965
Total Liabilities	3,004,118	3,986,105
Net Position		
Unrestricted	(2,389,994)	(3,276,636)
Total Net Position - As Originally Reported for Prior Year	\$ (2,389,994)	\$ (3,276,636)

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

Changes in net position - The District's total revenues for the fiscal year ended June 30, 2018 were \$834,702. The total cost of all programs and services was \$75,836. The following table shows a comparative analysis of government-wide revenues, expenses and changes in net position.

Summary of Changes in Net Position

	Governmental Activities	
	2017-18	As Originally Reported 2016-17
Revenues		
Taxes and Assessments	\$ 821,883	\$ 807,538
Interest & Investment Earnings	12,819	5,121
Total Revenues	834,702	812,659
Program Expenses		
Interest on Long-Term Debt	75,836	80,156
Total Expenses	75,836	80,156
Transfers	(709,603)	(384,535)
Equity Transfer	-	(361,008)
Change in Net Position	\$ 49,263	\$ (13,040)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Funds

As the District completed the year, its governmental funds reported a combined fund balance of \$561,798, a decrease of \$96,798. The fund balance constitutes restricted and unassigned amounts. Of the current fund balance the entire amount is restricted for Urban Renewal Projects.

Budgetary Highlights

General Fund resources were budgeted and anticipated to be collected in the amount of \$776,000 during the fiscal year. Actual resources of \$834,517 were available, \$58,517 more than budgeted. General Fund expenditures budget was under-spent by \$444,685 largely due to capital outlay expenditures budgeted and not expended during the fiscal year.

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2018
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District does not have any capital assets or infrastructure due to all capital outlay expenditures being reported as part of the City of Lebanon's capitalized assets.

Long-Term Debt

At June 30, 2018 the District had total long-term debt outstanding of \$1,710,969. The long-term debt obligations include a note payable for urban renewal projects. Existing debt was reduced by \$142,581. Interest paid on the debt amounted to \$79,135. Additional information on the City's long-term debt can be found in Note 4 of the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the North Gateway Urban Renewal District. The following are the major considerations used in developing the 2018-19 budget:

- Virtually all of the budgeted debt payments relate to the Samaritan Health Services (SHS) Campus Project. SHS will loan to the Urban Renewal District the funds necessary to complete the public infrastructure projects associated with the new medical college campus. Final debt service payment January 2030.

The URD's budget for the fiscal year ending June 30, 2019 represents an overall decrease of \$121,968 or 8.9 percent when compared with the current fiscal year. The decrease is mainly due to the following; \$524,517 decrease in transfer to the City to cover related personnel expenses and repayment of SDCs and \$552,549 increase in debt service.

The objective of the North Gateway Urban Renewal District (URD) is to provide an accounting for funds collected from the URD, make payments on all authorized debt issues and accomplish projects as listed in the URD master plan.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the North Gateway Urban Renewal District's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lebanon. The office is located inside City Hall at 925 S. Main Street, Lebanon, Oregon 97355.

BASIC FINANCIAL
STATEMENTS

Government -Wide
Financial Statements

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 557,263
Accounts Receivable	1,408
Property Taxes Receivable	55,453
Total Assets	614,124
<u>LIABILITIES:</u>	
Current Liabilities:	
Interest Payable	27,268
Due To City	1,265,881
Current Portion of Long-Term Liabilities:	
Note Payable	142,581
Total Current Liabilities	1,435,730
Long-Term Liabilities:	
Noncurrent Portion of Long-Term Liabilities:	
Note Payable	1,568,388
Total Long-Term Liabilities	1,568,388
Total Liabilities	3,004,118
<u>NET POSITION:</u>	
Unrestricted	(2,389,994)
Total Net Position	\$ (2,389,994)

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

Functions / Programs	(Expenses)	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES:</u>				
Interest on Long-Term Debt	\$ 75,836	\$ -	\$ -	\$ (75,836)
Total Governmental Activities	\$ 75,836	\$ -	\$ -	\$ (75,836)

GENERAL REVENUES:

Taxes

Property Taxes, Levied for Debt Service 821,883

Interest and Investment Earnings 12,819

Subtotal - General Revenues 834,702

Transfer to Primary Government (709,603)

Change in Net Position 49,263

Net Position, July 1, 2017 - As Restated (2,439,257)

Net Position, June 30, 2018 \$ (2,389,994)

The accompanying notes to the basic financial statements are an integral part of this statement.

BASIC FINANCIAL
STATEMENTS

Fund Financial Statements

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	Urban Renewal General Fund
<u>ASSETS:</u>	
Cash and Investments	\$ 557,263
Accounts Receivable	1,408
Property Taxes Receivable	55,453
Total Assets	\$ 614,124
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u>	
DEFERRED INFLOWS OF RESOURCES:	
Deferred Property Tax Revenue	52,326
Total Deferred Inflows of Resources	52,326
FUND BALANCES:	
Restricted for:	
Urban Renewal Projects	561,798
Total Fund Balances	561,798
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 614,124

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

RECONCILIATION OF THE BALANCE SHEET -- GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Total Fund Balances - Governmental Funds	\$ 561,798
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Property taxes receivables not collected within 60 days of the current period ending date are deferred in the governmental funds.	52,326
Interest payable that is not recognized in the governmental fund is accrued in the Statement of Net Position.	(27,268)
Loans payable that is not recognized in the governmental fund is accrued in the Statement of Net Position.	(1,265,881)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(1,710,969)</u>
Net Position of Governmental Activities	<u><u>\$ (2,389,994)</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2018

	Urban Renewal General Fund
<u>REVENUES:</u>	
Taxes and Assessments	\$ 821,698
Interest and Investment Earnings	12,819
Total Revenues	834,517
<u>EXPENDITURES:</u>	
Debt Service	221,712
Capital Outlay	
Total Expenditures	221,712
Excess (Deficiency) of Revenues Over Expenditures	612,805
<u>OTHER FINANCING SOURCES (USES):</u>	
Interfund Transfers (Out)	(709,603)
Total Other Financing Sources (Uses)	(709,603)
Net Change in Fund Balance	(96,798)
Fund Balance - July 1, 2017	658,596
Fund Balance - June 30, 2018	\$ 561,798

The accompanying notes to the basic financial statements are an integral part of this statement.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2018

Net changes in fund balances - total governmental funds **\$ (96,798)**

**Amounts reported for governmental activities in the Statement
of Activities are different because:**

Some revenues will not be collected for several months after the City's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the Statement of Activities.

The changes in amounts deferred are as follows:

Property Taxes 185

Expense accruals in the governmental funds do not include all accrued interest expense payable.

The change in payables from prior to current year is reconciled here: 3,295

Repayment of long-term debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position.

Debt Principal Paid 142,581

Changes in net position of governmental activities **\$ 49,263**

BASIC FINANCIAL
STATEMENTS

Notes to the Basic
Financial Statements

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The North Gateway Urban Renewal District of the City of Lebanon, Oregon (District) was established in 2008. The purpose of the District is to provide for the development of infrastructure to serve the area where a new medical campus was to be developed. The District is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The governing body is comprised of the Mayor and the Councilors of the City of Lebanon.

The District is a separate legal entity, governed by the City of Lebanon. The District Board has the ability to impose its will over the District as determined on the basis of budget adoption, taxing authority and funding for the District. Therefore, under the criteria set by the Governmental Accounting Standards Board, the District is considered a component unit of the City of Lebanon and the District's financial activities are included as a blended component unit in the basic financial statements of the City of Lebanon as a special revenue fund.

Although a component unit of the City of Lebanon, the District exists and operates separately from the City of Lebanon. Accordingly, the District's financial statements will also be included in the financial statements of the City of Lebanon.

The District has no potential component units.

B. Basis of Presentation

The financial statements of the North Gateway Urban Renewal District (District) of the City of Lebanon have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basic financial statements are presented at both the government-wide and fund financial level. The District's activities are governmental and are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The District has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

B. Basis of Presentation (Cont.)

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB 34 model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District has elected to report its only fund, the General Fund, as a major fund in order to assist in compiling a complete and accurate picture of the financial position of the District.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all the financial resources. The principal sources of revenue are property tax revenues and interest on investments. Primary expenditures of the General Fund were for debt service.

C. Measurement Focus/Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The city considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmaturing interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

C. Measurement Focus/Basis of Accounting (Cont.)

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government District securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

E. Property Taxes

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

G. Deferred Inflows of Resources:

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

H. Capital Assets

All capital assets which include property and infrastructure assets (e.g. roads, bridges, sidewalks, etc.) become City of Lebanon (primary government) capital assets and therefore are not reported on the District's Statement of Net Position.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Equity Classifications

Government-Wide Statements - Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in two components:

1. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position - All other net position that do not meet the definition of "restricted".

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

J. Equity Classifications (Cont).

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District did not have any nonspendable resources.
- **Restricted**: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has restricted funds for urban renewal projects.
- **Committed**: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the District Board, and does not lapse at year-end. The District does not have committed resources.
- **Assigned**: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the District Board or through the District Board delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned**: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District's policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

K. Use of Estimates

In preparing the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 -Local Budget Law). The District is required to budget all funds. The budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document. The process under which the budget is adopted is described in the following paragraphs.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors. The City Administrator (District Director) and the Finance Director develop a proposed budget, after which the District Director publishes two notices of Budget Committee meetings. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the District Board and an equal number of citizens of the City of Lebanon) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the District's financial position.

The Budget Committee conducts public meetings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the District Director originally. The Budget Committee then submits the approved budget to the District Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the board without returning to the Budget Committee for a second approval. After the board adopts the budget and certifies the total of ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year.

The District Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personal services, materials and services, capital outlay, and other expenditures). Appropriations lapse at the end of the year.

The District Board may change the budget throughout the year by resolution and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year.

3. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.D.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.D.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONT.):

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2018, the reported amount of the District's deposits was none and there was no ending bank balance. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices.

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2018, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2018, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 557,263	N/A
Total Investments	\$ 557,263	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. CASH AND INVESTMENTS (CONT.):

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

4. LONG TERM DEBT:

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue.

GOVERNMENTAL ACTIVITIES:

January 1, 2011, the City entered a Note Payable agreement with Samaritan Health Services for the N Gateway URD. The original balance of the loan is \$2,283,572. The loan carries an interest rate of 5.0% that was changed by the lender to 4.25% during the 2017-18 fiscal year.

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,853,550	\$ -	\$ 142,581	\$ 1,710,969	\$ 142,581
Interest	-	79,131	79,131	-	72,716
Total	<u>\$ 1,853,550</u>	<u>\$ 79,131</u>	<u>\$ 221,712</u>	<u>\$ 1,710,969</u>	<u>\$ 215,297</u>

The debt service requirements on the above debt is as follows:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 142,581	\$ 72,716	\$ 215,297
2020	142,581	66,656	209,237
2021	142,581	60,597	203,178
2022	142,581	54,537	197,118
2023	142,581	48,477	191,058
2024 - 2028	712,905	151,492	864,397
2029 - 2033	285,159	18,179	303,338
Total	<u>\$ 1,710,969</u>	<u>\$ 472,654</u>	<u>\$ 2,183,623</u>

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

5. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The District's insurance is provided in combination with the City of Lebanon.

6. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

The beginning net position and fund balance as of July 1, 2017, were restated. The beginning fund balance was restated by \$2,103,260 to reflect the elimination of the payable to the City as previously reported on the fund financial statements. The restatement to net position was \$837,379 to reflect corrections in cash to correct past errors and for the corrected current balance of the payable to the City as reported on the Statement of Net Position.

REQUIRED
SUPPLEMENTARY
INFORMATION

NORTH GATEWAY URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual

URBAN RENEWAL - GENERAL FUND

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Over (Under)
	Original	Final		
<u>REVENUES:</u>				
Property Taxes	\$ 775,000	\$ 775,000	\$ 821,698	\$ 46,698
Investment Earnings	1,000	1,000	12,819	11,819
Total Revenues	776,000	776,000	834,517	58,517
<u>EXPENDITURES:</u>				
Non-Departmental:				
Debt Service	245,040	245,040	221,712	(23,328)
Capital Outlay	150,000	150,000	-	(150,000)
Contingency	271,357	271,357	-	(271,357)
Total Expenditures	666,397	666,397	221,712	(444,685)
Excess (Deficiency) of Revenues Over Expenditures	109,603	109,603	612,805	503,202
<u>OTHER FINANCING SOURCES / (USES):</u>				
Interfund Transfers Out	(709,603)	(709,603)	(709,603)	-
Total Other Financing Sources (Uses)	(709,603)	(709,603)	(709,603)	-
Net Change in Fund Balance	(600,000)	(600,000)	(96,798)	503,202
Beginning Net Position - As Restated	600,000	600,000	658,596	58,596
ENDING FUND BALANCE	\$ -	\$ -	\$ 561,798	\$ 561,798

The accompanying notes to the basic financial statements are an integral part of this statement.

OTHER
SUPPLEMENTARY
INFORMATION
AND SCHEDULES

NORTH GATEWAY LEBANON URBAN RENEWAL DISTRICT

(A Component Unit of the City of Lebanon)

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2018

N Gateway URD Note Payable with Samaritan Health

N GATEWAY URD - January 1, 2011, the City entered a Note Payable agreement with Samaritan Health Services for the N Gateway URD. The original balance of the loan is \$2,283,572. The loan carries an interest rate of 5.0% that was changed by the lender to 4.25% during the 2017-18 fiscal year.

Current Year Activity:

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,853,550	\$ -	\$ 142,581	\$ 1,710,969	\$ 142,581
Interest	-	79,131	79,131	-	72,716
Total	\$ 1,853,550	\$ 79,131	\$ 221,712	\$ 1,710,969	\$ 215,297

Future Requirements:

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 142,581	\$ 72,716	\$ 215,297	4.25%
	2020	142,581	66,656	209,237	4.25%
	2021	142,581	60,597	203,178	4.25%
	2022	142,581	54,537	197,118	4.25%
	2023	142,581	48,477	191,058	4.25%
	2024	142,581	42,418	184,999	4.25%
	2025	142,581	36,358	178,939	4.25%
	2026	142,581	30,298	172,879	4.25%
	2027	142,581	24,239	166,820	4.25%
	2028	142,581	18,179	160,760	4.25%
	2029	142,581	12,119	154,700	4.25%
	2030	142,578	6,060	148,638	4.25%
Total		\$ 1,710,969	\$ 472,654	\$ 2,183,623	

ACCOMPANYING
INFORMATION

NORTH GATEWAY URBAN RENEWAL DISTRICT
(A Component Unit of the City of Lebanon)

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

As of June 30, 2018

To the Governing Body of the North Gateway Urban Renewal District of the City of Lebanon
Lebanon, Oregon

We have audited the basic financial statements of the North Gateway Urban Renewal District of the City of Lebanon (District) as of and for the year ended June 30, 2018, and have issued our report thereon dated April 2, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations with the following exception:

Appropriation Resolution adopted for 2018-19 did not comply with Oregon Budget Law requirements.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District internal control over financial reporting. This report is intended solely for the information and use of the Board of Directors and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Steve Tuchscherer, CPA
Umpqua Valley Financial
Roseburg, Oregon
April 2, 2019